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CONTENTS

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NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Beijing Radio Reviews 1991 'Active' Diplomacy	1
RENMIN RIBAO Reviews Foreign Exchanges [26 Dec]	2
Official Reviews China's Diplomacy in 1991	4
Part I [ZHONGGUO XINWEN SHE]	4
Part II [ZHONGGUO XINWEN SHE]	5

United States & Canada

U.S. Plan Lifts Ban on Hi-Tech Exports [RENMIN RIBAO 22 Dec]	7
Communications Bank, U.S. Firm To Develop Land [XINHUA]	7
Chinese To Set Standard for Jointly-Built Planes [Hong Kong ZHONGGUO TONGXUN SHE] ...	7
XINHUA Notes 5 Years of Washington Killings	8

Soviet Union

Belarussian Sees 'Heated Differences' at Minsk [XINHUA]	8
CIS Decides Ukraine To Form Own Forces 3 Jan [XINHUA]	8
Russia Forms Economic Cooperation Committee [XINHUA]	8
Shevardnadze 'Frustrated' Over Disintegration [XINHUA]	9
Intellectuals Have 'Mixed Feelings' on Gorbachev [Hong Kong THE STANDARD 27 Dec]	9

Northeast Asia

Japanese Foreign Minister Urges Enhancing Ties [XINHUA]	9
Japan's Premier Stresses Importance of U.S. Ties [XINHUA]	9
DPRK, ROK Sign Denuclearization Declaration [XINHUA]	10
Government Welcomes Accord [XINHUA]	10
XINHUA Reports U.S. Welcome	10
Jiang Zemin Welcomes Kim Chong-il's New Position [Beijing Radio]	11
DPRK Official Hails Sino-Korean Friendship [XINHUA]	11
Report Sees 'Relaxation' on Korean Peninsula [RENMIN RIBAO 30 Dec]	11
Paper Cites North Korea on Nuclear Accord [RENMIN RIBAO 24 Dec]	12

Near East & South Asia

PLO Spokesman on Independent Palestinian State [XINHUA]	13
Bangladesh Official Receives Donated Tillers [XINHUA]	13

West Europe

'News Analysis' Reviews Major's Europe Policy [RENMIN RIBAO 20 Dec]	14
'Year-Enders' Reviews UK Prime Minister's Work [RENMIN RIBAO 26 Dec]	14

East Europe

'Year-Enders' Reviews Condition of East Europe [XINHUA]	16
Poland To Open Consulate in Territory in 1992 [Hong Kong SOUTH CHINA MORNING POST 28 Dec]	17

Hungarian President on Price of Social Reforms	[XINHUA]	17
Yugoslav Government Cited on its 'Worst Year'	[XINHUA]	17
Bulgarian Socialist Party Accepts Eviction Order	[XINHUA]	18

Latin America & Caribbean

'Year-Enders' on Central American Peace Process	[XINHUA]	18
'Year-Enders' Views Latin American Integration	[XINHUA]	19

NATIONAL AFFAIRS

Political & Social

Jiang Zemin, Li Peng Attend New Year Tea Party	[XINHUA]	21
Further on Gathering	[XINHUA]	21
Jiang Addresses Gathering	[XINHUA]	23
Officials Greet Overseas Chinese on New Year	[Beijing Radio]	25
Wang Zhen, Others Reported 'Seriously Ill'		
[Hong Kong SOUTH CHINA MORNING POST 1 Jan]		25
Jiang, 'Shanghai Faction' Expanding Influence		
[Hong Kong SOUTH CHINA MORNING POST 2 Jan]		25
Ninth Plenum To Settle 'Zhao Ziyang Question'		
[Hong Kong SOUTH CHINA MORNING POST 31 Dec]		26
Control Over Visits From Outside Said Tightened	[Hong Kong CHIUSHIH NIENTAI 1 Jan]	27
7 Executed for 'Violent Crimes' in Jiangsu, Yunnan	[AFP]	27
CPC Classifies Stable, Unstable Regions	[Hong Kong CHENG MING 1 Jan]	28
Rural Ideology Education Faces 'Serious Setbacks'	[Hong Kong CHENG MING 1 Jan]	29
Official on World Copyright System Membership	[CHINA DAILY 31 Dec]	30
Jiang Examines Beijing Passenger Terminal Plan	[XINHUA]	31
Song Ping Praises Civilian-Run Art Center	[XINHUA]	32
Role, Participation of Democratic Parties Viewed	[XINHUA]	32
Democratic Party Helps With Charges, Appeals	[XINHUA]	33
1991 Termed 'Good Year' for Minorities	[XINHUA]	34
Showcase Beijing Nationalities Palace Profiled	[XINHUA]	34
Death of 'Veteran' Tibetan Lama in Lhasa Noted	[XINHUA]	35

Economic & Agricultural

Tian Jiyun Urges SEZ's To Raise Efficiency	[XINHUA]	35
Urges Improved Profits	[XINHUA]	35
Vice Premier Zou Jiahua Discusses Price Reform	[XINHUA]	35
Writes Inscription for New Journal	[XINHUA]	36
Marks Opening of Work on Rail Line	[XINHUA]	36
Zhu Rongji Congratulates Petrochemical Workers	[XINHUA]	36
Attends Textile Meeting	[XINHUA]	37
Textile Industry Minister Marks Improvements	[XINHUA]	37
Notes \$1.2 Billion for Renovation	[CHINA DAILY 27 Dec]	38
Chen Junsheng Addresses Meeting on Rural Zones	[XINHUA]	38
Hu Ping Elected To Head New Culture Society	[XINHUA]	39
Banker Promises Loans To Renovate State Firms	[CHINA DAILY 28 Dec]	39
State Bank Helps Foreign-Funded Enterprises	[XINHUA]	40
State Council Bulletin on Reducing Stockpiles	[XINHUA]	40
Beijing Insurance for Foreign Service Increases	[XINHUA]	41
First Trade Fair for Foreign-Funded Firms Set	[XINHUA]	41
Government Exceeds Purchase Quota of Rapeseed	[XINHUA]	41
First Seminar on Supervision Held in Shenzhen	[XINHUA]	41
Tibet Agricultural Production 'Think Tank' Set	[CHINA DAILY 27 Dec]	42

REGIONAL AFFAIRS

East Region

Zhao Zhihao Addresses Supervisory Work Conference [Jinan Radio]	43
Shandong Officials Discuss 1992 Economic Tasks [Jinan Radio]	43
Guiding Ideology, Goals Set for Foreign Trade [Jinan Radio]	45
Shandong Youth League Plenum Concludes 26 Dec [Jinan Radio]	45
Shandong Meeting Views Agricultural, Rural Work [Jinan Radio]	46
Shandong Official on Industry, Communications [Jinan Radio]	47
Shandong Holds Meeting of Leading Cadres [Jinan Radio]	47
Shandong Party Committee Views Style, Honesty [Jinan Radio]	48

Central-South Region

Deng Hongxun on Plan for Reform, Opening Up [ZHONGGUO XINWEN SHE]	48
Liu Jianfeng on Reform, Opening Up Strategy [HAINAN RIBAO 23 Nov]	50

HONG KONG & MACAO

Hong Kong

Governor Wilson Discusses Retirement in Interview [Hong Kong TV]	55
Newspapers React to Governor's Retirement	58
'Premeditated Arrangement' Seen [WEN WEI PO 1 Jan]	58
Wilson Has 'Reason To Be Satisfied' [SOUTH CHINA MORNING POST 2 Jan]	59
'Sterling Efforts' Praised [THE STANDARD 2 Jan]	60
Rally Supports Mainland Political Prisoners [AFP]	61

General

Beijing Radio Reviews 1991 'Active' Diplomacy

OW0201111992 Beijing Central People's Radio
Network in Mandarin 0500 GMT 2 Jan 92

["Radio script" by (Ren Fu): "China's Active Diplomacy"; from the "International News and Current Events" program]

[Text] The year 1991 is over. The international situation experienced profound changes in the past year. Three major events—the Gulf war, the civil war in Yugoslavia, and the Soviet Union's disintegration—shocked the world. The dissolution of the Soviet Union signifies the ultimate end of the U.S.-Soviet confrontation and the East-West cold war that lasted nearly half a century following the end of World War II. The balance of power was grossly uneven. Hegemony and power politics were on the rise. The world's movement toward multipolarity accelerated. Calls for establishing a new international order escalated. Bedeviled by a tangle of new and old conflicts, the international situation became turbulent and unstable.

Despite changes in the international situation, our country was able to conduct its diplomatic efforts on a firmer footing because of political stability and economic development. Its international standing was further elevated in 1991, as a result of tremendous achievements in the international arena brought about by its adherence to the independent foreign policy of peace and active efforts to open new relations.

Promoting world peace and development and fostering an international situation conducive to the four-modernizations drive constitute the fundamental goals of our country's diplomacy. In 1991, General Secretary Jiang Zemin, President Yang Shangkun, and Premier Li Peng visited a dozen or so countries, including the Soviet Union and Asian and African nations. Their visits were successful. Our country hosted 18 visiting heads of state and 14 heads of government. Thirty-three foreign ministers also visited China. The year saw the largest number of visits by foreign leaders since New China's founding.

The profound changes that the international strategic structure is experiencing have increased the significance of exchanges of visits by high-level officials in enhancing common understanding and promoting cooperation. Our country's relations with other countries are in a state of continuous expansion. Recently, China established diplomatic relations with Estonia, Latvia, Lithuania, and Brunei, bringing the number of its formal diplomatic allies to 140. Our country signed agreements with many countries on enhancing economic, scientific, technological, and cultural cooperation. Its export volume in 1991 is expected to reach an all-time high.

The Asia-Pacific region occupies an increasingly important position in the world because of its current status as

the most economically dynamic part of our planet. Our country, as a member of this region, shares a common destiny with it. Pursuing a policy of befriending and fostering good-neighborly relations with neighboring countries constitutes an integral part of China's foreign policy. Besides serving the interests of our country and its neighbors, the move is conducive to peace and development in the Asia-Pacific region.

The year 1991 was characterized by a flurry of visits between the leaders of our country and its neighbors. Bilateral relations were further improved and developed. General Secretary Jiang Zemin paid a successful visit to the Soviet Union. China and the Soviet Union signed a joint communique and an agreement on the eastern segment of their border. After the Soviet Union's collapse, our country reiterated its intention of adhering to the Five Principles of Peaceful Coexistence and of developing relations with the various independent republics. The exchange of visits by Premier Li Peng and President Kim Il-sung further consolidated Sino-Korean friendship. President Yang Shangkun visited Mongolia for the first time, thereby broadening the scope of cooperation between China and Mongolia. China and Laos signed a border agreement. Do Muoi, general secretary of the Central Committee of the Communist Party of Vietnam, and Vo Van Kiet, chairman of Vietnam's Council of Ministers, led a high-level delegation to China, thereby initiating normal relations between the two countries.

Premier Li Peng's visit to India marked the first time that a Chinese head of state visited India in 31 years, opening a new chapter in Sino-Indian relations. Our country continued to enhance friendship and cooperation with Pakistan and Bangladesh. President Yang Shangkun visited Indonesia and Thailand. Relations between China and the six ASEAN countries entered a new phase of comprehensive development. Our country expanded exchanges and actively held dialogues with regional organizations in the Asia-Pacific region. It helped to solve successfully the issue of granting Asia-Pacific Economic Cooperation membership to China as a sovereign state and to Taiwan and Hong Kong as economic territories. This surely will have a positive impact on the promotion of economic cooperation and development in the region.

Judging by the environment in the surrounding countries, China is currently in the most favorable period since its founding. China has no fundamental conflicts of interest with a large number of developing countries, and they are friends that share weal and woe. Enhancing solidarity and cooperation with the Third World is the cornerstone of our country's foreign policy. A large number of Third World countries currently are faced with an difficult international situation, as they stand up firmly against hegemonism and power politics, move to safeguard their sovereignty and independence, and actively develop their national economies. China has worked hard to protect the rights and interests of Third World countries in international affairs and has championed their just struggles and legitimate demands.

Last year, our country's relations with neighboring countries and other developing countries in Asia, Africa, and Latin America were strengthened to varying degrees. Premier Li Peng's trip to six Gulf states in the Middle East had particularly far-reaching significance in strengthening mutual understanding and friendship. In dealing with East Europe, our country adhered to its policy of noninterference in the internal affairs of other countries and of respecting the choices of the people in various countries, thereby preserving and developing its normal relations with that region. China took concrete actions to support South-South cooperation and upheld the four principles of pursuing various forms of joint development by stressing equality, mutual benefit, and tangible results. Many of its scientific and technological cooperative projects with developing countries yielded substantial economic returns and won the international community's recognition.

In this multipolar world, the development of relations with Western countries constitutes an important aspect of China's diplomacy. We have always maintained that differences in political, system, values, and mode of economic development should not affect normal interstate relations. In the past year, our country markedly improved its relations with the West by upholding its principles without sacrificing flexibility and pragmatism. Japanese Prime Minister Kaifu, British Prime Minister Major, and Italian Prime Minister Andreotti visited China. The visits not only signified our country's full restoration of normal relations with those countries but also served to give a powerful impetus to Sino-Western relations.

Our country's economic contacts, trade exchanges, and cooperation in various fields with the West moved gradually to the track of normal development. The World Bank resumed loans to China and expanded its loan program. Sino-U.S. relations took a turn for the better as U.S. Secretary of State Baker visited China. Agreement reached by the two sides helped improve relations between the two countries. Besides serving the fundamental interests of the two countries, the move to restore and develop normal relations between China and the United States is of paramount importance to peace and stability in the Asia-Pacific region and in the world at large. We believe that the two countries can remove obstacles and promote healthy development of their relations as long as they take overall and future interests into account and abide by the principles of the three Sino-U.S. communiqués.

China is a large country which has a population of 1.1 billion and which is a permanent member of the UN Security Council. In the past year, it undertook brisk diplomatic activities in developing multilateral relations, thus further improving its international standing. It played a unique role in settling the Gulf crisis and the Gulf War, in seeking a political solution to the Cambodian issue, and in promoting simultaneous admission to the United Nations by North and South Korea. It applied for observer status in the Nonaligned Movement

and nurtured a closer relationship with the Group of 77. The Chinese Government decided to join the Nuclear Nonproliferation Treaty. It attended a conference held by the five permanent members of the UN Security Council on arms control in the Middle East and put forward the principles of seeking overall balance and ensuring impartiality and rationality. The principles were welcomed by Middle East countries and by the international community at large.

A ministerial-level conference on environmental issues, attended by representatives from 41 countries, adopted the Beijing Declaration enunciating the principled stands of developing countries on the global environment and on world development. The establishment of a new international order came to reflect the needs of the times. Following the trends of the times, our country called for building a new international order of peace, stability, fairness, and rationality on the basis of the Five Principles of Peaceful Coexistence. The appeal drew positive responses from around the world.

In the new year, China will follow its past practice of upholding an independent foreign policy of peace and will make fresh contributions to promoting world peace and the civilization and progress of mankind.

RENMIN RIBAO Reviews Foreign Exchanges

*HK0101032992 Beijing RENMIN RIBAO in Chinese
26 Dec 91 p 7*

["Year-Enders" by Han Xu (7281 0650): "Let Understanding, Friendship Spread to All Corners of World"]

[Text] The volatile international climate in recent years has further complicated the various contradictions in international relations and posed serious challenges to peace. Accordingly, the Chinese People's Association for Friendship With Foreign Countries early this year told its friends from various countries of its wish to further strengthen friendly exchanges and increase friendship and mutual understanding with peoples of various countries in the coming year to make new contributions toward safeguarding world peace. Over the year, our country's friendly nongovernment exchanges with foreign countries have made heartening developments. Close to 300 friendly delegations representing 47 countries throughout the world visited China at its invitation. At the same time, the association also sent approximately 50 delegations to 30 countries for visits and held a series of large-scale foreign-affairs activities.

Launching good-neighborly and friendly nongovernmental exchanges and boosting understanding and friendship with peoples of neighboring countries have important significance for ensuring that our people can work at economic construction in a stable and good-neighborly environment, safeguarding Asian and international stability and peace. The association's exchanges with Japan, Korea, the Soviet Union, Thailand, Pakistan, India, Turkey, and other Asian-Pacific rim countries have accounted for most activities this year.

Japan and China, governments and people alike, have attached more value to nongovernmental exchanges. Important figures like former Japanese Prime Minister Uno Sosuke; Ishida Koshiro, the chairman of Komei-to; and Ouchi Keigo, the chairman of the Social Democratic Federation; visited China on different occasions and were warmly received by our country's leaders. Incumbent Japanese Prime Minister Kiichi Miyazawa last year visited China as guest of the China-Japan Friendship Association. The 5th China-Japan Friendship Exchange Association meeting, convened earlier in Beijing, discussed and drafted a plan for celebrating next year the 20th anniversary of the restoration of normal diplomatic relations. Many Japanese friends have made valuable contributions toward friendship between China and Japan, five of whom were awarded the title "people's good-will ambassador" by the association this year.

July the 11th saw the 30th anniversary of the China-Korea friendly cooperation and mutual-help agreement. Delegations from the China-Korea Friendship Association were invited to visit Korea for commemorative activities and warmly received by Chairman Kim Il-song. The Korea-China Friendship Association also sent a delegation to China to attend commemorative activities. In December this year, the vice chairman of China-Korea Friendship Association, Gan Yetao, visited Korea at its invitation.

Despite the great changes in the Soviet internal situation, the Chinese and Soviet peoples' wish to develop traditional friendly relations remained unchanged. Over the year, the friendship associations of China and the Soviet Union have sent a dozen delegations to visit one another. Through exchanges, friendly messages were conveyed, realizing the Chinese people's consistent stand and wish to respect the choice of peoples of various countries, and working for developing friendly and cooperative relations with various countries on the basis of the Five Principles of Peaceful Coexistence.

Friendly exchanges with European and American regions have also been restored and have developed. Many friendly associations in these regions were established relatively early and have made important contributions toward friendly relations with China. Leaders of 10 friendly associations visited China accompanied by delegations. Some important government and party figures in European and American countries have also visited China at its invitation. Meanwhile, our association has also sent delegations to attend the National Congress of the America-China Friendly Association, a symposium held by the Austria-China Friendship Association to mark the 20th anniversary of the establishment of diplomatic ties between the two countries, a China-presenting briefing organized by the Belgium-China Association to mark the 20th anniversary of the establishment of diplomatic relations between the two countries, and a briefing on the problem of China held by the Italy-Asia Association on the eve of Italian Prime Minister's visit to China, and others. This helped people from various countries understand China's politics,

economy and actual social conditions and its basic policy of upholding reform and opening up. Many people from the host countries that participated in these meetings believe that China is an essential element in world progress and that the world needs to understand China and pay attention to its voice.

Nongovernmental friendly relations between the Third World and China have been further strengthened. This year also saw the establishment of Turkey-China and Syria-China Friendship Associations, and our country has also established several parallel associations. This August our delegations visited the five Latin-American countries of Mexico, Cuba, Chili, Brazil, and Columbia, had extensive contacts and conversations with leaders and friends of various circles in these countries, and felt deeply the hopes, given the current international situation, of Third World countries to develop friendly and cooperative relations with China in various fields. China and the Third World are developing countries and share a consensus with them on building a new international order. There is also great potential for developing economic cooperation between the two.

In recent years, more and more countries have paid attention to friendly city activity, which has become an important part of our country's nongovernmental and local diplomatic activities. Guided by the principle of valuing friendship, mutual benefits, and practical effects, our country's friendly city activity has continued to develop steadily. This year 20 more cities in our country became friendly cities with foreign counterparts, increasing the total number of friendly cities with countries all over the world to close to 400.

Foreign cultural exchanges have been more active. This year the association selected and sent a number of ethnic art troupes welcomed by foreign friends to a dozen countries for visits. Our association also received artists from Italy, Australia, Britain, and other countries who performed in China, spread friendship, and shared artistic experiences with us. Under our association's suggestion and with the cooperation of State Nationalities Affairs Commission, we held the first "Tibetan Culture Show" outside of China—in Tokyo—with great success.

In addition to launching friendly cultural exchanges, we have also boosted exchanges in enterprises, science and technology, and education and academic fields. The first visit to the United States of Chinese cancer experts, which was organized by the association, offered Chinese and American experts an opportunity to share experiences in fighting this powerful foe. A Chinese herbal medicine expert delegation visited the Soviet Union and briefed Soviet medical and health circles on traditional Chinese herbal medicine. Chinese and Soviet entrepreneurs and economists visited each other many times over the year to probe ways to widen further economic and trade cooperation. There have been visits from Thai, Filipino, and Japanese educational, banking, and academic delegations for study and experience sharing.

What deserves mentioning is that when many regions of our country were hit this summer by a rarely seen flood, China-friendly associations and personages in many countries made generous donations or cabled their care, fully realizing the sincere friendliness of friends of various countries toward the Chinese people.

Through rich and varied friendly exchanges, peoples of the world are made to understand China better and Chinese people to better understand the world, so that understanding and friendship spread to the world's five continents.

Official Reviews China's Diplomacy in 1991

Part I

HK2312083091 Beijing ZHONGGUO XINWEN
SHE in Chinese 1029 GMT 17 Dec 91

[Report by Li Wei (2621 0251): "Vice Foreign Minister Liu Huaqiu on Current Situation, Prospects for China's Relations With Western Countries—Review of China's Diplomacy in 1991 (Part I)"]

[Text] Beijing, 17 Dec (ZHONGGUO XINWEN SHE)—What have China's relations with Western countries been like in the year which is shortly coming to an end? And what are their prospects? Interviewed by this station reporter, Chinese Vice Foreign Minister Liu Huaqiu stated his views in detail.

First of all, he said: Over the past year, during which the international situation has been changing rapidly, one of the important symbols of the great achievements in China's diplomacy is the fact that China has made a breakthrough in counteracting the sanctions imposed by the West and that China's relations with Western countries have further improved. This change has ushered in a new situation for China's foreign relations and has strengthened China's international status. It has been good for consolidating an international environment favorable to China, promoting China's reform and opening up and building socialism with Chinese characteristics.

Liu Huaqiu said: On the whole, at the Group of Seven summit this July, the West began to ease its relations with China. Since then, of the seven countries, exceptions being Germany and Canada, foreign ministers from the United States, Japan, Britain, France, and Italy and heads of government of Japan, Britain, and Italy have paid official visits to China. "Although Western countries differ in pace and extent in taking steps to resume and improve relations with China, they maintain that they should adjust to, maintain, and develop relations with China to form a general trend."

Liu Huaqiu said: Among Western countries, Japan has improved relations with China relatively rapidly. The difficulties between the two countries since 1989 have basically been removed. Prime Minister Kaifu's official visit in August symbolized the complete restoration of

normal Sino-Japanese relations. Over the past year, China and Japan have increased political contacts. The Japanese ministers of Finance, International Trade and Industry, Foreign Affairs, and Home Affairs have visited China. Chinese Vice Premiers Zou Jiahua and Tian Jiyun and State Councillors Qian Qichen, Chen Xitong, and Li Guixian have also visited Japan. Both sides have frequently exchanged views on bilateral questions and international issues of common concern and have reached a consensus on many aspects. In the meantime, they have also increased economic cooperation. Trade volume between China and Japan is expected to break through \$20 billion this year. Japanese investment in China has increased considerably compared with last year. Its actual investment in China in the first half of the year reached \$160 million, a 60-percent increase over the corresponding period last year.

Liu Huaqiu then spoke on China's relations with West Europe. He said: China has obviously improved its relations with West Europe this year. The EC and its member states decided to resume relations with China last October, and they announced the canceling of restrictions on China visits at the governmental level this year. In the first half of the year, a large number of West European foreign ministers, vice foreign ministers, and other ministers visited China. In the second half, British Prime Minister John Major, Italian Prime Minister Giulio Andreotti, and EC Commission Vice President Frans Andriessen have visited China. Chinese Vice Premiers Zhu Rongji and Zou Jiahua; State Councillor Song Jian, who is also minister of the State Science and Technology Commission; Foreign Minister Qian Qichen; and Peng Chong, vice chairman of the NPC Standing Committee, have visited many countries in West, South, and North Europe. There have been new developments in both sides' economic and trade cooperation. According to Chinese customs statistics, from January to September, the total import and export volume between China and the EC reached over \$10.5 billion, a 12-percent increase over the corresponding period last year and reversing last year's decreasing trade volume. Next to Japan, West Europe has become China's second-largest trading partner. In the meantime, various West European countries have resumed once-frozen government loans to China. Some have offered new loans. Cooperation and exchange in the areas of science, technology, culture, education and so forth have basically returned to normal.

Liu Huaqiu evaluated China's relations with Australia, New Zealand, and Canada in this way: "Australia and New Zealand have respectively removed sanctions against China, and our relations have returned to normal. Ministerial visits between China and Australia and New Zealand have obviously increased this year, and our economic and trade cooperation have been continually developing. In May, China and New Zealand reached an accord on setting up consulates general in each other's countries. Canada has obviously relaxed relations with China as well. The Canadian agriculture

minister visited China in October. Senior government officials of the two countries have increased contacts on multilateral occasions, and friendly relations between provinces and cities have gradually been resumed. Canada has also announced the offer to China of the third installment of a preferential loan of 175 million Canadian dollars."

As the topic changed to Sino-U.S. relations, the vice foreign minister, who is in charge of Latin American and U.S. affairs, said in an assertive tone: Sino-U.S. relations are important to China and to the United States. As a consistent policy, China attaches importance to developing relations with the United States. Although there are difficulties in their relations, there are improvements as well.

Liu Huaqiu said: This year, Chinese and U.S. foreign ministers and vice ministers have had many meetings. They have also held valuable discussions on country-to-country relations and major international issues. Friendly contacts between the provincial or state and local governments of China and the United States have appeared to be developing. Their educational exchanges have also increased. Their trade is improving: From January to September, their trade volume reached \$9.5 billion, and their total trade volume for the year is expected to set a new record. U.S. investment in China is also increasing. As of June, agreed U.S. investment projects in China increased to 1,587, totaling over \$4.7 billion. China's total investment in the United States neared \$400 million.

He said: Baker's visit to Beijing in November has obtained positive results and helped the restoration and development of Sino-U.S. relations. Both sides exchanged views on questions of common concern in a frank and sincere atmosphere. They made progress in some questions and enhanced mutual understanding on others on which the two sides hold greatly differing views. Both sides unanimously held that today, when the international situation is drastically changing, restoring and developing normal Sino-U.S. relations is in the interests of both countries and good for peace, stability, and development in the world, and especially in the Asia-Pacific region. The divergencies between China and the United States should be resolved through increasing contacts and dialogues and by means of discussion on an equal footing. The United States has stated that it will continue to abide by the principles of the three Sino-U.S. communiques, and that it recognizes only one China and that Taiwan is part of China. The United States attaches importance to strengthening cooperation with China in a variety of areas.

Liu Huaqiu said: If the agreements reached between the two sides can be implemented, it will enable Sino-U.S. relations to gradually return to normal. Only when both sides take a broad and long-term view, seek common ground while reserving differences, and develop country-to-country relations on the basis of common interests can Sino-U.S. relations develop and progress.

Liu Huaqiu also mentioned the loans extended by the World Bank to China. He said: As of the end of June in fiscal year 1991, the World Bank had granted China loans totaling \$1.544 billion, which is near the maximum (\$1.694 billion) it lent to China in 1988.

Analyzing the reasons for the improvement of relations between China and the West, Liu Huaqiu maintained that there are many factors in the improvement. The most important is that China is politically stable and its economy is developing. This has rendered the West's sanctions ineffective, so they have to come to terms with reality. Moreover, the great changes in the international situation have inevitably caused various Western countries to recognize China's role, which cannot be ignored, in world affairs, especially in the Asia-Pacific region. They have come to know that maintaining and developing relations with China is beneficial to themselves.

Liu Huaqiu is fully confident of a further improvement and development of relations between China and Western countries.

He said: The existing divergencies and questions do not matter as long as both sides strengthen dialogue and seek common ground while reserving differences with an attitude of equality, mutual respect, and noninterference in each other's internal affairs, and in this way it is possible to find ways to remove the divergencies and develop relations. Moreover, as science, technology, and economy are developing, mutual links between all countries around the world will be closer and closer, and no country can develop in isolation. As a large country with a great influence in the world, especially in the Asia-Pacific region, China is willing to contribute to world peace and development. Only when governments of various Western countries really discard their ideological prejudice against China and seek common ground in mutual interests will the prospects for development of relations between China and Western countries be good.

Vice Foreign Minister Liu Huaqiu ended the interview with this remark: "Although there may still be some setbacks in China's relations with the West, overall, their mutual needs are greater than their divergencies and their mutual relations will head in a positive direction."

Part II

HK2512122891 Beijing ZHONGGUO XINWEN SHE
in Chinese 0631 GMT 18 Dec 91

[By Li Wei (2621 0251): "China's Relations With Neighboring Countries Enter Best Period—Review of China's Diplomacy in 1991, Part II"]

[Text] Beijing, 18 Dec (ZHONGGUO XINWEN SHE)—In the major achievements of China's diplomacy this year, the development of good-neighborly and friendly relations with bordering countries held a prominent position; in fact, relations between China and its bordering countries have entered their best period since

the founding of New China. From north to south and east to west, a stable border environment has developed.

In the north:

General Secretary Jiang Zemin paid a successful visit to the Soviet Union in May. He signed an agreement concerning the eastern section of the border between China and the Soviet Union, laying a foundation for establishing a good-neighborly relationship. Despite the turbulence in the Soviet Union, relations between these two gigantic neighboring countries are normal. Answering a journalist's question recently, Foreign Ministry spokesman Duan Jin (3008 3160) said: "At present, the situation in the Sino-Soviet border areas is stable," and "channels between China, the Soviet Union, and its various republics are unimpeded."

In Northeast Asia:

Premier Li Peng's visit to Pyongyang in May and Chairman Kim Il Song's visit to China in October have further consolidated and strengthened the profound traditional friendship between China and Korea. Non-governmental economic and trade relations between China and South Korea are continuously developing.

Through concerted efforts, Sino-Japanese relations have been completely normalized, as can be seen by Prime Minister Kaifu's visit to Beijing in August. Economic and trade relations between the two countries have also made rapid development, and the annual trade volume is expected to exceed \$20 billion. Next year will see the 20th anniversary of the restoration and normalization of diplomatic relations between China and Japan. Now both sides have placed commemorative activities on the agenda, and contacts between high-level officials will be more frequent than in the past.

There have been new developments in the relations between China and Mongolia. Chairman Yang Shangkun's tour of Mongolia in August was the first visit by a Chinese head of state to Ulaanbataar since the founding of diplomatic relations between China and Mongolia 42 years ago. The series of agreements signed by both parties will promote the continuous expansion of areas of cooperation.

In Southeast Asia:

Relations between China and the six members of the Association of Southeast Asian Nations (ASEAN) are developing rapidly. The following three items of political progress have been the focus of attention:

First, bountiful and popular Brunei established diplomatic relations with Beijing on the eve of the 42th anniversary of the founding of New China and, up to now, all six ASEAN countries have diplomatic relations with China.

Second, China has begun a dialogue with the ASEAN, which can be seen by Foreign Minister Qian Qichen's visit to Kuala Lumpur in mid-July at the invitation of

the Malaysian foreign minister, his presence at the opening ceremony of the ASEAN foreign ministers meeting, and his interview with the six ASEAN foreign ministers. It is reported that the Philippines, next year's host of the ASEAN foreign ministers' meeting, has already invited China to attend.

Third, mutual visits by high ranking officials have been frequent. President Yang Shangkun visited Indonesia and Thailand, and much consensus was reached. In September, Malaysian Paramount Ruler Sultan Shah, Singapore President Wee Kim Wee, Thai Prime Minister Anan visited China—and for the heads of states of Malaysia and Singapore, this was their first official visits to China. It has been learned that President Yang Shangkun's return visits to these two countries are being actively prepared.

Following the strengthened relations with ASEAN, friendly and cooperative relations between China and all ASEAN countries have entered a new stage.

China and Burma have all along enjoyed the feeling of "bao bo (5165 3134)," and Burmese leader Chairman Saw Maung's tour of Beijing in August enabled both sides to recount their traditional friendship, reiterating their desire to develop further friendly and cooperative relations between the two countries on the basis of the Five Principles of Peaceful Coexistence.

In Indo-China:

The most outstanding event is that, in the wake of the overall settlement of the Cambodian issue, China and Vietnam have ended their confrontation which lasted over a decade and have realized normalization of relations. This was announced when Do Muoi, general secretary of the Vietnamese Communist Party Central Committee, and Vo Van Kiet, chairman of the Council of Ministers, paid an official visit to China at the invitation of General Secretary Jiang Zemin and Premier Li Peng. The two sides also confirmed that good-neighborly and friendly relations should be developed on the basis of the five principles of peaceful coexistence. As concrete achievements of the visit, both sides signed the trade agreement of the two governments and the provisional agreement on handling border affairs of the two countries.

Mutual visits by senior officials of China and Laos have increased in recent years, and the two sides signed the Sino-Lao Border Treaty when Lao Prime Minister Khamtai made a five-day visit to China in October, satisfactorily solving the major problem of the two countries left over by history. It is the sixth border treaty that China signed with neighboring countries following those signed with Mongolia, Afghanistan, Nepal, Pakistan, and Burma. It is of profound significance and has a far-reaching influence.

In South Asia:

The most impressive event is of course the further improvement and development of relations between China and India. The tour of India made by Premier Li Peng, which has just ended, is said to be "the milestone of the Sino-Indian relationship."

China's traditional friendly and cooperative relations with Pakistan, Bangladesh, Sri Lanka, Nepal, and Maldives have also made new headway.

Why can China attain such brilliant achievements in diplomacy with its bordering countries? This reporter has inquired of Wang Yingfan, director of the Department of Asian Affairs of the Ministry of Foreign Affairs, about it. He gave the following four principal reasons: First, China pursues a foreign policy of independence and peace, attaching special importance to developing good-neighborly and friendly relations with bordering countries on the basis of the five principles of peaceful coexistence, so as to create a favorable external environment for the four modernizations, for which China has made great efforts. Second, there is a favorable domestic situation in China, the political situation is stable, and the economy is advancing. Third, China's important role in the world, particularly in Asia, is increasingly valued, and it is the common wish of the Asian bordering countries to develop friendship and cooperation with China. Fourth, the situation in Asia is relatively stable, and it maintains a higher economic growth rate than other regions of the world, which is conducive to mutual contacts and cooperation among the Asian countries.

What are the prospects for the development of relations between China and its bordering countries? What is the future development tendency of the situation in Asia? Director Wang Yingfan has this opinion: Relations between China and its bordering countries will further develop, and the momentum of the Asian region advancing toward relaxation and stability will continue.

United States & Canada

U.S. Plan Lifts Ban on Hi-Tech Exports

HK3012085591 Beijing RENMIN RIBAO
in Chinese 22 Dec 91 p 6

[Report: "U.S. Government Announces Plan To Lift Ban on Hi-Tech Export to China"]

[Text] Washington, D.C., 20 Dec (RENMIN RIBAO)—The U.S. Government today announced that it will lift a ban on the export of high technology to China to clear the obstacle to exporting satellite parts and high-speed computers to China.

U.S. State Department Spokesman Boucher confirmed this at a news conference. He said: "We are waiting for further information on reaching this agreement with Beijing through diplomatic channels. Once we have this information, the government will take the necessary steps to lift the sanction." He said that the U.S. sanction

decision on banning the export of satellite parts and high-speed computers to China was made by President Bush in June this year, and that U.S. Secretary of State Baker discussed with the Chinese side the problem of lifting the ban during his trip to China in November of this year.

Communications Bank, U.S. Firm To Develop Land

OW2912024291 Beijing XINHUA in English
0123 GMT 29 Dec 91

[Text] Shanghai, December 29 (XINHUA)—The Shanghai branch of the China Communications Bank (CCB) will co-develop a piece of land in Shanghai's New Pudong district with an American group.

The branch bank and the Meidong Investment and Development Ltd of the United States signed a contract with the city today to lease 100,000 sq m in the Lujiazui Financial and Trade Zone in the Pudong Development Zone. Under the contract, the two parties will have the right to use the land for 50 years for 1,200 U.S. dollars per sq m.

This is the third piece of land leased by overseas investors in the city.

The Meidong Investment and Development Ltd, set up this July, is co-sponsored by three American companies, including the Hsing Chung Yu Engineering Development Company, the Sam Cheng Associates International Corporation and the China Investment and Development Corporation.

The Shanghai CCB and the American company will invest about 80 million U.S. dollars in the construction of a 160-m-high finance and trade building on the land. The 40-story building will house a branch of the CCB, a supermarket, an exhibition hall, offices and restaurants. It will be completed in four years.

Chinese To Set Standard for Jointly-Built Planes

HK2412145391 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0550 GMT 19 Dec 91

[Text] Shanghai, 19 Dec (ZHONGGUO TONGXUN SHE)—According to news from a Shanghai aircraft manufacturing company, the U.S. McDonnell-Douglas Corporation has agreed to let the Chinese supervise airworthiness standards of McDonnell-Douglas aircraft manufactured in China beginning with the production of the 26th plane. This is proof that CAAC [Civil Aviation Administration of China] airworthiness management is up to international standards.

Airworthiness management is a process of tracing management covering the production, use, and retirement of planes as well as the composition and operation of aircraft groups.

The 25 McDonnell-Douglas planes jointly manufactured in Shanghai by China and the United States were produced under the supervision of U.S. airworthiness supervisors, who also issued "airworthiness certificates" for the planes.

Last year the CAAC began to form a "China airworthiness information system" and has now set up three airworthiness information stations exercising overall aviation management over all kinds of planes flying between 400 airports in the country.

XINHUA Notes 5 Years of Washington Killings

OW3012024491 Beijing XINHUA in English
0215 GMT 30 Dec 91

[Text] Washington, December 29 (XINHUA)—A total of 3,055 people have been killed in the Washington area over the past five years, mostly victims of drug-related incidents, the WASHINGTON POST reported today.

2,006 were slain in Washington, D.C. proper alone.

Washington, D.C. has been called "murder city" and murders have been on the constant rise. So far this year, 486 people have been killed in the district, marking an increase of 3 from the 1990 figure. There were 439 homicides in 1989, 372 in 1988 and 228 in 1987.

A large number of homicides are drug-related. "People first became addicted to drugs, now they seemed addicted to violence," the report said.

In 1988, the Washington municipal government launched an "operation clean sweep" in an effort to fight against drug dealings and homicides, but then-police chief Maurice Turner said the operation did nothing to curb drug use and homicides were continuing to climb.

Donald Marks, a Washington resident, said people in the city are used to looking at newspapers in the early morning to see if their friends or relatives were murdered. He said fifteen of his friends have already been murdered.

Soviet Union

Belarussian Sees 'Heated Differences' at Minsk

OW0101021592 Beijing XINHUA in English
0143 GMT 1 Jan 92

[Text] Moscow, December 31 (XINHUA)—Belarussian leader Stanislav Shushkevich said today that the Commonwealth meeting in Minsk was the subject of heated differences on virtually every issue.

Shushkevich was speaking at a news conference in Minsk today.

He said the Minsk summit had reached no decisions on establishing necessary committees or organs in certain fields.

The next summit, to be held in one or two months, would continue discussions on the military, border defence and other issues which arose during Monday's gathering, he said.

Some new problems would also be discussed next time, he added.

CIS Decides Ukraine To Form Own Forces 3 Jan

OW3112183791 Beijing XINHUA in English
1817 GMT 31 Dec 91

[Text] Moscow, December 31 (XINHUA)—Ukrainian President Leonid Kravchuk said today that his country will begin to form its own forces as of January 3, 1992.

This was part of a decision made by leaders of the 11-member Commonwealth on Monday in Minsk, Belarus, Kravchuk said upon his return to Kiev.

Under the decision, Ukraine will become a neutral, nuclear-free state in a couple of years, the president said.

All tactical weapons will be moved out of the country by July 1992, while strategic weapons by 1994, he added.

He also pledged "strict control" on those weapons before the planned pullout is completed.

By means of special technology, the Ukrainian president will ensure that nobody is able to use the weapons at any time short of their withdrawal from the country, he said.

On economic issues, Kravchuk stressed that Ukraine "will not copy practices of others but rather will use successful experiences in light of its own characteristics."

The president was, among others, critical of the replacement of the Soviet flag by a Russian one, saying that Ukraine "won't agree that only Russian flag should flutter over the diplomatic missions of the former Soviet Union."

Russia Forms Economic Cooperation Committee

OW2812174691 Beijing XINHUA in English
1638 GMT 28 Dec 91

[Text] Moscow, December 28 (XINHUA)—The Russian Federation formed Thursday a State Committee for Economic Cooperation With Other Commonwealth Member States, TASS News Agency reported today.

The creation of the State Committee was decreed by Russian President Boris Yeltsin on Thursday.

Vladimir Mashits, 38, was appointed chairman of the committee, a post at par with a government minister. Mashits, who earned a master's degree in economics, was former Russian plenipotential representative for the affairs of the economic community.

Shevardnadze 'Frustrated' Over Disintegration

OW2812050391 Beijing XINHUA in English
0428 GMT 28 Dec 91

[Text] Paris, December 27 (XINHUA)—Former Soviet foreign minister Eduard Shevardnadze today told a French television station that he felt "ashamed and humiliated" over the disintegration of the Soviet Union.

In a televised speech, Shevardnadze said the Soviet Union could have been saved if his advice was heeded when he resigned as foreign minister.

He said that he was "powerless" to the current outcome of the USSR and was "profoundly disappointed and frustrated."

On the unrest in Georgia, Shevardnadze said, "I regard myself as a Georgian and I want to remain as a Georgian, at the same time a man useful to Russia and other republics."

In his speech, he criticized those leaders of the Commonwealth of Independent States for failing to take into full consideration the nationality problem which concerns a great number of families in the former Soviet Union.

"During the past decades, people, coming and going, have settled everywhere," he said. "And people of different nationalities have become associated by marriage, bearing children in different republics."

There is no answer yet to the problem of nationality which involves the 300 million citizens of the former Soviet Union, he said.

Intellectuals Have 'Mixed Feelings' on Gorbachev

HK2712043191 Hong Kong THE STANDARD
in English 27 Dec 91 p A-6

[By Cheung Po-ling in Beijing]

[Text] Chinese intellectuals who belong to the most politically-conscious class in the country had mixed feelings towards the resignation of Mikhail Gorbachev.

Those who still passionately believed in communism lamented the dissolution of the Soviet Union and the personal tragedy of its reformist leader, but expressed optimism on the future of the new Commonwealth of Independent States.

One communist intellectual said the failure of Mr Gorbachev to reform his country within the concept of communism had dashed many people's hopes to see a "Chinese Gorbachev" in the country.

He said many Chinese now realised that their "craze for Gorbachev and his style of reform" was impracticable in China.

A journalist who declared a complete distrust in the present regime and the communist system, said the Mr Gorbachev's resignation did not necessarily mean the end of the Gorbachev era.

Northeast Asia

Japanese Foreign Minister Urges Enhancing Ties

OW0101100392 Beijing XINHUA in English
0942 GMT 1 Jan 92

[Text] Tokyo, January 1 (XINHUA)—Japanese Foreign Minister Michio Watanabe said today that he was determined to devote his efforts to developing the friendly and cooperative ties between Japan and China.

In a New Year message to the Chinese people two days before his upcoming visit to Beijing, Watanabe said he hoped the governments and peoples of both countries would work for closer bilateral ties and foster a relationship that would "be open and contribute to the world."

Watanabe, also Japanese deputy prime minister, will pay a four-day official visit to China starting January 3.

In the written message released today, Watanabe said that since the restoration of Japan-China diplomatic relations in September 1972, "bilateral ties have achieved physical progresses in the political, economic, social and cultural fields, thus laying a solid foundation for the Japan-China friendship and cooperation."

Watanabe, the first member from the cabinet of new Prime Minister Kiichi Miyazawa to visit China, expressed the hope that a solid foundation toward the 21st century would be laid for the bilateral relations through a series of celebrating activities this year, such as exchanges of visits by leaders of the two countries, commemorative cultural exchanges, and exchanges between young peoples.

Watanabe also spoke highly of China's efforts to overcome the difficulties caused by the enormous natural disasters last year.

The foreign minister stressed that "Japan-China relations are important not only to peace and prosperity in the Asia-Pacific region, but also to the whole world".

Japan's Premier Stresses Importance of U.S. Ties

OW0101071092 Beijing XINHUA in English
0619 GMT 1 Jan 92

[Text] Tokyo, January 1 (XINHUA)—Japanese Prime Minister Kiichi Miyazawa said he hopes for candid talks with U.S. President George Bush during their summit meetings next week.

In a New Year message to the nation released today, Miyazawa said, "I'd like to discuss with Bush how both nations can play their vital roles on a global scale."

He renewed his call for Japanese automakers to come to the rescue of the dwindling U.S. car industry to keep the lopsided Japan-U.S. trade imbalance from sabotaging Japan's ties with its largest trading partner.

Presently, the U.S. trade deficit with Japan totals 41 billion dollars annually, of which automobiles account for 70 percent.

Bush will visit Japan from January 7 to 10 along with chairmen of the "Big Three" U.S. automakers and 15 other American business leaders.

Miyazawa said, "I have appealed to auto industry leaders to help boost sales of U.S.-made cars in Japan and increase purchases of U.S.-made auto parts, as (Japanese car makers) would be able to install U.S. parts in Japanese cars if they allowed (the U.S. parts makers) to jointly develop them from the initial stages for one or two years."

Warning of the possibility that the faltering U.S. trade performance might fuel momentum toward global protectionism, he said, "It is crucial that Japan do whatever it can (to whittle down its trade surplus) not only for the sake of the U.S., but for peace and prosperity of the whole world."

Referring to international trade talks under the General Agreement on Tariffs and Trade (GATT), the Japanese premier said it would be "politically impossible" to immediately achieve a domestic consensus to comply with international requests for Japan to lift its ban on rice imports and accept a GATT proposal to introduce tariffication without exemptions.

Japan currently pursues a policy of banning rice imports for the sake of "food security".

DPRK, ROK Sign Denuclearization Declaration

*OW010115092 Beijing XINHUA in English
0739 GMT 1 Jan 92*

[Text] Pyongyang, January 1 (XINHUA)—A "Joint Declaration on the Denuclearization of the Korean Peninsula" (Draft) was initialed when delegates from the North and the South met in their third contact in the truce village of Panmunjom Tuesday, according to the KOREAN CENTRAL NEWS AGENCY (KCNA).

However, KCNA did not disclose details of the declaration.

At the end of the contact a joint report agreed upon by the sides was published, which include:

The North and the South shall see to it that "Joint Declaration on the Denuclearization of the Korean Peninsula" comes into effect at the sixth inter-Korean high-level talks on February 19, 1992 through necessary procedures;

The North and the South shall exchange the texts of "Joint Declaration" signed respectively by the premiers

of both sides at Panmunjom twice, on January 14 and 21, 1992, as a prior step to this end;

The North and the South agreed that "Joint Declaration on the Denuclearization of the Korean Peninsula" might be amended and supplemented upon agreement between the sides.

Delegates from the two sides of the divided nation began their contacts on December 26.

Government Welcomes Accord

*OW0101061192 Beijing XINHUA in English
0600 GMT 1 Jan 92*

[Text] Beijing, January 1 (XINHUA)—China welcomed the initialing of a joint declaration on the denuclearization in the Korean peninsula by North and South Korea, a Foreign Ministry spokesman said here today.

Responding to a question on this matter, the spokesman said that representatives of North and South Korea have initialed the joint declaration on the denuclearization in the Korean peninsula through negotiations. This is the result of the joint efforts of both North and South Korea.

"We welcome this development. It is our hope that the objective of the denuclearization in the Korean peninsula will be realized at an early date," he added.

XINHUA Reports U.S. Welcome

*OW0101162992 Beijing XINHUA in English
1539 GMT 01 Jan 92*

[Text] Washington, January 1 (XINHUA)—The U.S. administration has expressed welcome to the inter-Korean agreement banning nuclear weapons from the Korean peninsula.

In a statement released on Tuesday, the State Department said the two sides of Korea "have undertaken to renounce nuclear weapons, to renounce the possession of reprocessing and enrichment facilities and to set up systems of inspections for the denuclearization of the Korean peninsula."

"We welcome this development," the department said. "It demonstrates the primary importance of North-South dialogue as a means of resolving tensions on the Korean peninsula."

The two parts of Korea yesterday initialed an agreement at Panmunjom, under which, they will not test, manufacture, possess, store, deploy or use nuclear weapons.

They also agreed to set up their own reciprocal verification system. The agreement takes effect after formal adoption in February.

However, South Korean officials said that South Korea will continue to remain under U.S. nuclear umbrella protection and will allow U.S. planes and ships carrying nuclear weapons to fly over or make port calls.

Jiang Zemin Welcomes Kim Chong-il's New Position

SK2812050991 Beijing Radio Beijing in Korean
1100 GMT 27 Dec 91

[Text] Comrade Jiang Zemin, chairman of the PRC Central Military Commission, sent a congratulatory message to Comrade Kim Chong-il on his appointment as the supreme commander of the Korean People's Army [KPA] at the 19th plenary session of 6th Central Committee of the Workers Party of Korea held on 24 December.

The message reads:

Pyongyang.

To Comrade Kim Chong-il, KPA supreme commander.

Receiving the good news that you were named as KPA supreme commander, I am extending my warm greetings to you. I am convinced that friendly relations between the people of the two countries of China and Korea and between their armies [kundae] will be consistently strengthened and developed in the future as well. I wish you success in your assigned work in the future.

Jiang Zemin, chairman of the PRC Central Military Commission.

26 December 1991.

Beijing.

DPRK Official Hails Sino-Korean Friendship

OW2912074591 Beijing XINHUA Domestic Service
in Chinese 1433 GMT 28 Dec 91

[By reporter Zhang Jinfang (1728 6930 5364)]

[Text] Pyongyang, 28 December (XINHUA)—Kim Yong-nam, member of the Political Bureau under the Central Committee of the Workers Party of Korea [WPK], vice premier of the State Administration Council and minister of foreign affairs, pointed out here today that, under the current complicated and changing international situation, the friendship between Korea and China has been consolidated and developed, demonstrating its vitality.

Speaking at a New Year reception hosted by Zheng Yi, Chinese ambassador to Korea, he said: The firm belief and determination in the ultimate victory of the socialist cause displayed by the peoples of Korea and China is a reliable guarantee for consolidating the friendship between the two nations and bringing out its vitality. Korea is convinced that their friendship will be further developed through concerted efforts by Korea and China.

He highly praised the Chinese people for the achievements they made in socialist construction this year. He also said Korea sincerely wished that China would further bring out the supremacy of socialism with Chinese characteristics in the coming year while persisting

in reform and opening to the outside world and upholding the four cardinal principles.

In his speech, Ambassador Zheng Yi said that the Korean people had made brilliant achievements in pursuit of the independent, peaceful reunification of the motherland. He indicated that China supported President Kim Il-song's proposal that reunification be fulfilled through the establishment of a federation, and the Korean Government's stand on making the Korean peninsula free of nuclear arms.

Kim Yong-sun, secretary of the WPK Central Committee, and Li Cha-pang, chairman of the State Science and Technology Committee and chairman of the Central Committee of the Korea-China Friendship Association, attended the reception.

Report Sees 'Relaxation' on Korean Peninsula

HK0201105792 Beijing RENMIN RIBAO in Chinese
30 Dec 91 p 6

["Yearender" by staff reporter Zhou Bizhong (0719 1801 1813): "Korean Peninsula Heads for Relaxation"]

[Text] This year is a year of marked relaxation of the situation on the Korean Peninsula. Because North and South Korea joined the United Nations simultaneously and respectively, and because the North and South signed the "Agreement on Reconciliation, Mutual Non-aggression, and Cooperation and Exchanges Between the North and South," and because of the solid basis provided by the relevant party for solving the nuclear problem on the Korean Peninsula, relaxation and national reconciliation on the Korean Peninsula entered a new phase.

The problem of joining the United Nations had caused disputes for years. In July 1991, based on an analysis of the international situation and of the situation on the peninsula, the North decided to apply to join the United Nations. In September, both the North and the South were simultaneously admitted by the UN General Assembly as new members. The admission of North and South Korea to the United Nations and the promotion of a better North-South relationship have injected new vigor to relaxation on the Korean Peninsula.

Senior-level talks between North and South began in September 1990 but were unable to make headway in a certain period of time. Since this spring, because the South conducted a joint military exercise with the United States, the talks were postponed. After October, however, the two rounds of senior-level talks between the North and South broke the impasse—which the previous three rounds of talks were unable to break—and made a great breakthrough. On 13 December, Premier Yon Hyong-muk of the North and Premier Chon Won-sik of the South signed the "Agreement on Reconciliation, Mutual Nonaggression, and Cooperation and Exchanges Between the North and South." This is the first official document signed since 1972, when the

authorities of both sides signed the joint North-South "4 July" statement, and it has a great historic significance.

For a time, during the contacts and dialogues of various levels carried out by both sides, the problem of whether elimination of political and military confrontation or cooperation and exchange should come first often caused disputes. In the recent two rounds of senior-level talks, both sides calmly considered the changes in the international situation and the current conditions on both sides, and set store for the nation's wishes and the future, both made concessions and eventually reached a consensus on the problem which had been controversial for a long time. The signing of the agreement will further eliminate the long political and military confrontation on the Korean Peninsula, as well as the isolation between the North and South; it will have a positive role in strengthening dialogue and consultation between North and South, enhancing exchanges and cooperation between North and South, and promoting peace and stability on the Korean Peninsula and in the Asia-Pacific region.

Surrounding the problem of nuclear weapons on the Korean Peninsula, in recent years, acute confrontation took place between Korea and the United States, and between the North and South Korea. The United States and South Korea exaggerated that the North was "developing nuclear weapons," and demanded it sign nuclear protection agreement and accept international nuclear inspection. On the premise of clearly denying "development of nuclear weapons," the Korean Government stressed that the North does not object to inspection, and that the South's nuclear base should also be inspected at the same time. In July 1991, the Korean Government once again made the proposal on building a nuclear-free Korean Peninsula. On 27 September, U.S. President Bush announced that the nuclear weapons deployed in South Korea will be withdrawn. Thereafter, on 8 November, South Korea also made a proposal on a nuclear-free Korean Peninsula, as well as announcing the five principles of not making, keeping, storing, equipping, and using nuclear weapons. On 25 November, the Korean Foreign Ministry added four new proposals concerning the problem of signing the agreement on nuclear protection. The flexible attitudes of North and South Korea and of the United States concerning the problem of nuclear weapons have provided a good basis for solving the problem on the Korean Peninsula. On 22 December, South Korea announced the United States had withdrawn all the nuclear weapons from South Korea. After that, a Korean Foreign Ministry spokesman issued a statement which said Korea would sign the agreement on nuclear protection, and pass the relevant procedure for accepting inspection; at the same time, it demanded consultation with the United States on the relevant problem.

In addition, even at the time when the senior-level talks were stopped, sports exchanges between North and South Korea continued this year. In February this year, both sides organized a joint team to take part in international sports competition. In November, a women's

delegation from the North passed through Panmunjom for the first time and gathered with the delegation from the South in Seoul. Indirect trade between both sides also maintained an active trend this year. These are the manifestations of relaxation, and they also promote it.

The trend of relaxation continues to develop on the Korean Peninsula. Both sides still disagree on how to solve the problems of attaining a nuclear-free Korean Peninsula, of withdrawing U.S. troops from South Korea, and of finding the way to peaceful reunification.

People wish that, through efforts by both the North and South, the relaxation trend on the Korean Peninsula can be maintained and the reunification process can be speeded up.

Paper Cites North Korea on Nuclear Accord

*HK3012090991 Beijing RENMIN RIBAO in Chinese
24 Dec 91 p 6*

[Dispatch by reporter Zhou Bizhong (0719 1801 1813): "North Korean Foreign Ministry Spokesman Says North Korea Will Sign Nuclear Safeguards Accord"]

[Text] Pyongyang, 23 Dec (RENMIN RIBAO)—On 22 December, the [North] Korean Foreign Ministry spokesman made a statement here that it would sign the nuclear safeguards accord and accept inspection through the relevant procedures.

The statement says: South Korea declared on 18 November that it no longer had nuclear weapons. If all U.S. nuclear weapons have been pulled out from South Korea, [North] Korea welcomes this.

The statement says that, although the United States has not given any official notification or notice regarding the withdrawal of nuclear weapons from South Korea, North Korea believes that the United States will show its position in the future, and that on this premise, North Korea will sign the nuclear safeguards accord and accept inspection through the relevant procedures.

The statement reiterates that, as North Korea accepts inspection, it should, at the same time, carry out inspections in South Korea to ensure that the nuclear weapons installed in South Korea have already been withdrawn.

The statement stresses that in regard to simultaneous inspection, Korea and the United States must hold negotiations on questions relating to it and on the question of eliminating nuclear threats. The statement also calls on North and South Korea to sign at the earliest possible date the declaration making the Korean Peninsula a nuclear-free zone.

Near East & South Asia

PLO Spokesman on Independent Palestinian State

OW0101203692 Beijing XINHUA in English
2014 GMT 01 Jan 92

[By Gong Zhenxi]

[Text] Tunis, January 1 (XINHUA)—An official spokesman for the Palestine Liberation Organization said here today that an independent Palestinian state would be the pillar of peace and stability in the Middle East.

In an exclusive interview with XINHUA, Ahmad 'Abd al-Rahman said that unless the Palestinian state is established, no peace and stability would be achieved in the region.

Answering a question about the final status of the Israeli-occupied West Bank and the Gaza Strip, al-Rahman said the Palestinian state should be set up in these Palestinian territories with Jerusalem as its capital.

Citing PLO's concessions with regard to Palestinian participation in the Middle East peace conference, the PLO official said that "we are primarily keen to restore our national rights, and liquidate the Israeli occupation" of the Palestinian territories.

He added that the PLO is pursuing a realistic policy toward the Palestinian problem.

He said that "we have shown maximum flexibility in the formation of our delegation so as to deprive the Israelis of the excuse that it does not want to negotiate with the PLO."

Israel considers the PLO as "a terrorist group" and refuses to talk with it.

"Israel does not want to negotiate because it does not want to pull out (from the occupied lands)," he said, adding that "the ball is now in the Israeli and American courts, not the Palestinian."

Asked about the prospects of the third round of bilateral talks scheduled for January 7 in Washington, al-Rahman said the Palestinian delegation will fly to Washington in a few days with a full-fledged plan concerning peace between the Palestinians and Israelis as well as several working papers on the topics under discussion between the two sides, such as the issue of Israeli Jewish settlement and the provision of international protection for the Palestinian people under Israeli occupation.

The Palestinian delegation will demand full application to the Palestinians in the occupied territories of the fourth Geneva Convention on the Status of Civilians Under Occupation, Rahman said.

He added that the Palestinian delegation will also present its interpretations of the enforcement of U.N. Security Council Resolutions 242 and 338, which call on

Israel to withdraw from the occupied territories, and of the Palestinian self-rule in a transitional period in the occupied territories.

Al-Rahman said that the Palestinian leadership, headed by the PLO Executive Committee Chairman Yasir 'Arafat, had discussed all these issues at its recent session in Tunis and worked out all necessary documents and papers for the Palestinian delegation.

The course and form of negotiations with Israel were clearly stipulated in the American-Soviet invitation to the Palestinian side, he said.

The Palestinian leadership has instructed the Palestinian delegation to make no concession in this regard, he underlined.

Al-Rahman stressed that the Palestinian side had rejected all Israeli attempts to deviate from the agreed two-track approach under which Israel negotiates separately with Palestinians and Jordanians which form a joint delegation.

On the U.S. role in the Arab-Israeli talks, al-Rahman called upon the United States to be more objective toward the Palestinian problem, and to endeavor to prevent the Middle East peace process from collapsing.

He emphasized that the Palestinian side "is very serious" about the peace process, expressing hope that the U.S. will stop Israelis from wasting time in the negotiations.

Bangladesh Official Receives Donated Tillers

OW0101134992 Beijing XINHUA in English
1123 GMT 1 Jan 92

[Text] Dhaka, January 1 (XINHUA)—Certificate of delivery and receipt of 200 power tillers and necessary accessories presented by the Chinese Government to the Government of Bangladesh was signed here today.

Chinese Ambassador Chen Songlu and Bangladesh Secretary of Ministry of Agriculture K.M. Rabbani signed the certificate of delivery and receipt on behalf of their respective governments at a ceremony held at the Ministry of Agriculture.

The tillers were presented by the Chinese Government to the Government of Bangladesh during Prime Minister Khaleda Zia's visit to China last June.

After the signing of the certificate, Agriculture Minister Majedul Haq, on behalf of Prime Minister Khaleda Zia and his ministry, expressed appreciation of China's assistance which "further strengthened the friendship between the two countries".

He said that China always comes forward to help Bangladesh when it suffers natural disasters and other difficulties. The 200 power tillers will play positive role in recovering the agricultural productions in the cyclone and flood-affected areas in Bangladesh, he added.

West Europe**'News Analysis' Reviews Major's Europe Policy***HK0201131692 Beijing RENMIN RIBAO in Chinese
20 Dec 91 p 6*

["News Analysis" column by Li Wenzheng (2621 2429 2398): "John Major Readjusts Britain's Europe Policy"]

[Text] The British used to consider the continent Europe. But now, in small Dutch town on the bank of the Maas River, British Prime Minister John Major has finally shown some flexibility and readiness to adjust Britain's Europe policy. He has taken a difficult step toward Europe.

Officially setting some rules and fixing a progress schedule for the founding of European Economic and Monetary Union has been an important item on the agenda for the EC Maastricht summit, which has just closed. Prime Minister Major has tried his best to change the image of Britain's former Europe policy, and has taken the initiative in adjusting his country's Europe policy in an attempt to bring it back into the mainstream of European politics. He pledged to advance along with Europe and to tie Britain's future to the building of a new Europe. Having won an article making an exception for Britain through hard bargaining, John Major at last agreed to sign a European Economic and Monetary Union treaty. John Major's flexible and aggressive posture contrasts sharply with the stand of his predecessor, Margaret Thatcher, who resolutely objected to Britain's participation in European Economic and Monetary Union.

As far as the treaty on political union is concerned, the British Government has also shown some intention of compromising. The article of the EC political union treaty on common defense for Europe stipulates: "The Western European Union is a part of the founding process of European union. The Western European Union is responsible for interpreting the EC's decisions on defense matters and for implementing them." NATO Secretary General Manfred Wörner noted: For the first time the EC has now confirmed the Western European Union's status as a component part of European political union, which plays its role within the EC; this is "an important step toward the intensification of Europe's security and defense." It is apparent that Britain has now moved closer to France and Germany in terms of its attitude toward the Western European Union. Although it is agreed that the Western European Union should continue to maintain its close ties with NATO, this union can finally be regarded as a defense organization of the EC.

Western mass media agree that the EC members all felt they were winners when they bade farewell to that small historic Dutch town. Britain has persuaded the other countries to delete the word "federation" from the treaty, had an exception article added to the treaty on

European Economic and Monetary Union, and turned down the social charter which is unacceptable to Britain.

The political situation in Britain is grim. As the July general election is drawing nearer and nearer, if John Major continues to say "no" as Mrs. Thatcher did, he will be faced with setbacks like his predecessor—or will even give the Labor Party an opportunity. To be sure, the Conservative Party does not want to make too many compromises toward Europe. But in recent years, the Labor Party has shown much interest in economic and monetary union, which has in turn increased the party's popularity among the electorate. The Conservative Party just cannot turn a blind eye to this.

Economically, Europe has become one of Britain's major trade partners—Britain's trade volume with the EC now accounts for 60 percent of its total foreign trade volume. Furthermore, foreign investments in Britain have been increasing since it joined the EC. Now that Britain, which has been suffering from economic recession in recent years, is eager to extricate itself from the economic trough, Europe is no doubt where its major economic interests lie. Of course, since Britain has to consider its special relations with the United States, as well as many other factors related to the British Commonwealth, its pace of return to the European mainstream will presumably be extremely slow.

'Year-Enders' Reviews UK Prime Minister's Work*HK3112060691 Beijing RENMIN RIBAO in Chinese
26 Dec 91 p 7*

["Year-Enders" by staff reporter Chen Tean (7115 3676 1344): "Readjusting Policy To Meet Challenges—Reviewing Major Government's One Year in Office"]

[Text] British Prime Minister John Major has been making efforts to adjust the policies for over a year since he became master of 10 Downing Street in order to cope with the challenges and to work for the Conservative government's fourth term. THE DAILY TELEGRAPH said: "Major is carrying out a quiet revolution to restore the Conservative Party's chance of winning the general elections."

Last year, the Major cabinet began to face the most serious challenges in the 12 years of the Conservative government: The economic recession, the differences over the European policy that continued to threaten the Conservative Party's unity, the public misgivings over the Conservative government's social policy, and the changes in the balance of political strength at home which are unfavorable to the Conservative Party.

When facing the challenges, the Major government rapidly adjusted its domestic and foreign policies in order to remove the voters' misgivings over its policies and to stop the declining tendency.

First, it appropriately adjusted the economic policy and tried hard to ward off the pincer attack of inflation and

recession. As soon as he took office, Prime Minister Major announced his economic policy of lowering the interest rate under the premise of not bringing about high inflation and improving blue-collar workers' living conditions under the premise of not bringing about high wages. The government's autumn financial statement in 1991 increased the budgets for various ministries by 11 billion pounds, and this was regarded as a "decisive breakthrough" of Mrs. Thatcher's principle of low public expenditure. Reportedly, the campaign platform of the Conservative Party for the coming general elections will seek a balanced point between the old "Thatcherist" doctrine and Major's economic radicalism. That is, the "Thatcherist" policies of keeping privatization, weakening the power of trade unions, and reducing taxes will be maintained; and the conception of "social market economy" put forth by John Major will be added. The government will continue to privatize some nationalized enterprises, but will only introduce the market mechanisms for the public sector and strengthen competition without conducting privatization. Such adjustments have achieved initial results: The inflation rate fell from 10.1 percent in October 1990 to 3.7 percent in October 1991, which was the lowest level since 1988; and the prime rate was pulled down from 15 percent to 10.5 percent; the balance of international payments was improved; and the economic recession began to move out of the nadir. All this helped restore, to a certain extent, the electors' confidence in the economic prospects.

Second, the government adjusted its European policy and pursued "new European diplomacy." Prime Minister Major changed his government's tune and style of handling relations with the European partners. He made a speech on "Europe's development" in Germany last March, and that speech was regarded as the "cornerstone" for his government's European policy and as a "breakthrough" made by Major. Major stressed that Britain's future lies in Europe and Britain should "play a role in the core of Europe." He said that when "furthering Europe's unification," it is necessary to "maintain an appropriate balance between close cooperation and state dignity." His predecessor Mrs. Thatcher, however, only stressed that preserving state sovereignty was the core of Britain's European policy. Thus, they also held different attitudes toward the issue of "European integration." For example, Mrs. Thatcher was resolutely opposed to Britain's acceptance of the unified currency principle laid down by the European Economic and Currency Union, and considered this as renouncing the state's economic management power over the national economy; but John Major held that it is wrong to accept the unified currency principle at the time being, but it is also "harmful and erroneous" to decide to never accept this principle. Therefore, at the recent EC summit meeting, he agreed to add a special provision on "joining the currency system in due time" so that Britain would have the right to choose whether and when to join the unified currency system.

As for the common diplomatic and defense policy of the European Community, the Major government also showed greater flexibility. On 10 November, in the talks with Kohl, Major indicated that Britain can accept the method of majority decision in the EC when dealing with issues not as "substantive" as taking military action. This was regarded as a "change in British policy." At the Maastricht summit meeting, Britain achieved its objective: The coordination of the common foreign policy was still going on among the EC member states; the method of majority decision was used only when all states agreed to put a question to the vote. As for the power of the European Parliament, Britain has agreed with the principle of giving the veto power to the European Parliament, but the scope of the veto power is limited to the unified large market law and to the environmental and research issues.

The Major government adopted a more positive attitude toward the European policy, improved Britain's relations with its European allies, and substantially improved Britain's situation which was once becoming increasingly isolated within the European Community.

Third, the adjustment of the social policy. In March this year, the Major government decided to replace the unpopular "poll taxes" with local taxes based on the value of real estates; in July, the government published the "Citizens' Charter," stressing that the enhancement of public service quality will be taken as the primary task in the 1990's; the "Patients' Charter" published in October declared that every person will have equal chances of receiving high quality medical and health service, and the government's autumn financial statement also decided to increase the expenditure on medical and health service; at the same time, the government also stressed the need to strengthen education. These measures taken by the Major government undermined the foundation of the Labor Party which mainly attracted voters by advocating the expansion of social welfare. When commenting on these policy changes of the Major government, public opinion in London said that "Britain's policy environment has obviously changed" and Major "at least was trying to seek another path."

The recent EC summit meeting reached certain compromises that were favorable to Britain, and this also reinforced the position of the Conservative Party in the election campaign. The decisive factor in the elections will still be the economy, however. At present, the economic recovery in Britain is still rather slow, and unemployment is still increasing. Some people are worried that further recession may arise. The prospects are not bright enough. Of course, some analysts held: "Major's mixed-market economics and national conservatism may be closer to the public's wishes than Kinnock's new socialist democracy." It seems that Major's "quiet revolution" may be carried on.

East Europe

'Year-Enders' Reviews Condition of East Europe

OW2812085891 Beijing XINHUA in English
0621 GMT 28 Dec 91

["Year-Enders" by Zhang Hanwen and Yang Yongqian:
"1991 Leaves Eastern Europe in Shadow of Crises"]

[Text] Beijing, December 28 (XINHUA)—1991 is a year during which East European countries have all been shrouded in the dark shadows of political and economic crises.

The political upheavals of 1989 have brought about drastic changes to the political systems of these countries. During the passing year the governments in Romania, Bulgaria, Poland and Albania were reshuffled one after another.

During the October general elections for the Polish Parliament (SEJM), only 40 percent of the constituency showed up to vote and none of the country's political parties gained an absolute majority.

The lack of enthusiasm for voting had resulted from resentment against "the numerous difficulties" and "tormenting crisis" facing the country, as Polish President Lech Walesa has put it.

In Czechoslovakia, the ruling "Civic Forum" in Czech Republic fell apart because of serious internal disagreements after only one year in power.

In Slovak Republic, an opinion poll showed, the "Public Against Violence (PAV)" has lost most of the support from the people though it took power only last year. Ethnic divergence over the composition of a common state has recently posed threats the country's political stability.

Political parties in Hungary kept quarreling without reaching any consensus on some major issues.

Fierce turbulence erupted in Romania at the end of September and led to the resignation of Prime Minister Petre Roman and the reshuffle of the government.

Bulgaria has been troubled by disputes among parties and groups after the October general elections.

In Albania the situation has become more complicated as the society has fallen into serious chaos and the opposition repeatedly challenges for power.

In the economic field, Eastern Europe has been faced with a grimmer situation in 1991 because new problems resulted from political unrest, privatization and the switch from old economic systems to new ones.

Statistics show industrial production dropped in all East European countries this year. Compared with that in the same period of last year, industrial output in the first 10 months of 1991 decreased by 45-50 percent in Albania,

more than 30 percent in Bulgaria, 21 percent in Czechoslovakia, 20 percent in Hungary, 19.4 percent in Romania and 12 percent in Poland.

This was attributed to many factors. First, following the dissolution of the Council for Mutual Economic Assistance (CMEA), East European countries have lost access to the market of the former Soviet Union, which had also been their major supplier of energy and raw materials.

Many factories and enterprises have cut down their production, been operating at half capacity, or even stopped operation due to lack of energy and raw materials, slump domestic market and incompetent export. Western states have been unwilling to make large investments in Eastern Europe because of the political instability in the region.

In agriculture, farmers in Hungary and Czechoslovakia took to the streets protesting against their governments' agricultural policies and stagnation in farm produce sales.

Romania suffered a drop in output of crops and animal husbandry in 1991. Poland has had a leaner crop this year than that of last year. The Bulgarians, who used to enjoy one ton of grains per capita before 1989, this year must rely heavily on imports.

In Albania, yield of various crops suffered sharp drops despite favorable weather conditions, and panic buying of grains has occurred recently in many parts of the country.

East Europe has also been over-burdened with heavy foreign debts. Poland owes a foreign debt of 44.3 billion U.S. dollars, the highest in the region. Hungary owes 19.78 billion dollars and its per capita debt leads other East European countries.

Bulgaria has a foreign debt of 11 billion dollars, averaging 1,200 dollars per person. The foreign debt of Czechoslovakia increased from 7 billion dollars in the beginning of this year to the present 9.3 billion dollars.

With deepened economic crisis, East European countries are challenged by unprecedented unemployment.

The present rates of unemployment in Hungary and Czechoslovakia are 7.3 percent and 6 percent respectively while those in Bulgaria and Poland are in double digits. More than 2.1 million Poles are out of jobs.

Students in these countries left their schools only to find no employment opportunities available for them. In Czechoslovakia and Hungary, one in every four graduates from various schools have not been able to find jobs.

In Eastern Europe, especially in Bulgaria and Albania, the people have also suffered a lot from skyrocketing inflation and drop in living standard. Statistics issued by a Polish social opinion survey center show that about 9 million to 10 million Poles live under the poverty line.

The Bulgarian press says those who live under the poverty line make up 40 percent of the country's population.

It is widely believed that the switchover process in East European countries will be a long and painful one.

Poland To Open Consulate in Territory in 1992

HK2812065591 Hong Kong SOUTH CHINA
MORNING POST in English 28 Dec 91 p 4

[By Lorna Wong]

[Text] Poland will take the lead among the new-style East European countries by opening a consulate in Hong Kong in the New Year.

It will be the first time that a one-time member of the defunct Warsaw Pact has opened a diplomatic mission in the territory.

The Polish mission is expected to concentrate on trade matters.

A spokesman for the Protocol Office, which is responsible for overseas diplomatic staff, said no further details were available. But sources in Brussels indicated that the new office—likely to open next month or in February—would have a consul-general, a commercial consul and an assistant.

Several other East European countries have expressed interest in establishing a diplomatic or trade presence in the territory. They include Hungary, Czechoslovakia and Yugoslavia.

Eastern bloc members were previously banned by Britain from opening diplomatic offices in Hong Kong. Cuba was the only Soviet bloc nation with a consulate here.

During the 1940s, Czechoslovakia and Poland had diplomatic offices in London, and Hong Kong was included under their jurisdiction. Czechoslovakia closed its London office in 1950 but Poland continued to maintain a presence until the 1970s.

Hungarian President on Price of Social Reforms

OW0101141792 Beijing XINHUA in English
1343 GMT 1 Jan 92

[Text] Budapest, January 1 (XINHUA)—Hungarian President Goncz Arpad said today that the Hungarians have paid a painful lot for the social reforms in recent years.

After struggling for nearly half a century, Hungary saw in 1991 the withdrawal of foreign troops from its territory, and the disintegration of the Warsaw Treaty Organization and the Council for Mutual Economic Assistance, Goncz said in his televised new year speech while listing the progress of the past year.

And the Hungarians have elected their own national assembly and are changing the system of ownership, he said.

However, "there is hardly anyone who thinks of the price of the achievement, not even it's a painful one," the Hungarian leader stressed.

He noted that the people have suffered from inflation, unemployment and reduced welfare, which give rise to sharp social conflicts and worsening public security.

Goncz admitted that his country is still faced with many problems, but "Hungary is the stablest republic" in the rapidly changing region.

Yugoslav Government Cited on its 'Worst Year'

OW3112045191 Beijing XINHUA in English
0442 GMT 31 Dec 91

[Text] Belgrade, December 30 (XINHUA)—The Yugoslav government today admitted that 1991 had been the worst year in the country's history and rated deployment of a united nations peace-keeping force as the last chance to end six months of civil war.

In a new year statement, the government said the past year was the worst in the history of Yugoslav inter-ethnic relations.

Generations of political, economic and cultural ties between the country's different nationalities had not been enhanced in 1991, it said. Rather they were stopped or damaged, it added.

Secessionists inside Yugoslavia and reactionary forces abroad were bent on destroying the constitutional system established by all ethnic nationalities in the country, the statement said.

Yugoslavia's problems could only be resolved when peace was achieved, it added.

The government is convinced that peace hopes now lie with the successful deployment of a UN force.

UN special envoy Cyrus Vance has returned to Yugoslavia to renew his peace mission, but the fighting raged on as he arrived Monday.

The Serb-dominated federal army is fighting Croatian forces on several fronts.

The warring sides have failed to reach a tangible cease-fire despite 14 attempts although the UN has set this as a precondition before their troops could be sent in.

Thousands of people have been killed since the war broke out last June when the Republics of Croatia and Slovenia declared independence.

Bulgarian Socialist Party Accepts Eviction Order*OW2912021691 Beijing XINHUA in English
0154 GMT 29 Dec 91*

[Text] Sofia, December 28 (XINHUA)—Bulgaria's Socialist Party (BSP) agreed to withdraw from its central committee office building on Sunday to comply with a national assembly ruling, the Bulgarian Telegraph Agency (BTA) reported.

The central organ of BSP, which ruled the country for almost fifty years, said in a statement that "the central committee's building is the property of BSP. Now the party has decided to hand it over to Bulgarian scientific and cultural organizations free of charge."

On December 12, the national assembly ruled to take over "all illegal properties" that the bsp had occupied since September 9, 1944.

It was not until BSP's defeat in October parliamentary and local government elections by the opposition union of democratic forces that it declared to withdraw from its center-case building located in the heart of Sofia.

Latin America & Caribbean**'Year-End' on Central American Peace Process***OW2512212991 Beijing XINHUA in English
2029 GMT 25 Dec 91*

["Year-End": "Rough and Windy Road to Peace in Central America"]

[Text] Mexico City, December 25 (XINHUA)—Since the beginning of this year, armed conflicts in Central America have scaled down in intensity and peace negotiations have persisted with ups and downs.

The armed strife in El Salvador has stood out as the main question at issue in Central America since the civil war in Nicaragua ended last year. Eleven years of hostility between the government troops and the Farabundo Marti National Liberation Front (FMLN) has left at least 76,000 persons dead and landed the national economy in a state of devastation. Putting an end to the war has become the fervent longing of all sectors of the Salvadoran people.

In the outgoing year, the two sides of the encounter have stepped up their negotiations for peace, and progress has been made thanks to the good offices of the United Nations. Last September, the two parties signed in New York City preliminary but detailed documents under U.N. Secretary-General Javier Perez de Cuellar's personal intervention.

In November, the Salvadoran Government and FMLN delegations held a new round of negotiations in Mexico and reached a consensus on 11 of the 14 proposals under discussion, such as defining the function of the Armed Forces, the dissolution of the national secret service

entity, paramilitary patrols, the civil guard, and the abolition of mandatory military service.

Nevertheless, discrepancies continue to exist over the size of the Armed Forces and the establishment of the police force.

On November 14, the guerrillas announced a unilateral ceasefire as an expression of their desire for peace and their intention to accord the negotiations with a more favorable atmosphere.

The guerrillas' decision was acclaimed by the whole nation. The government followed suit by announcing a cessation of aerial attacks and bombings against the guerrillas.

In order to achieve a ceasefire as soon as possible, the U.N. secretary-general suggested on December 6 that the negotiations be continued at the U.N. headquarters in New York City.

On the question of whether a peace agreement can be concluded by the end of 1991, analysts hold that both possibilities exist, but even if a peace agreement is signed, a series of problems related to the aftermath of the war will have to be dealt with most carefully and it remains to be seen if the pertinent parties will comply with the agreement.

In Guatemala, the war between the guerrillas and the government army has already lasted 30 years. Although the war is less intense than the one in El Salvador, political violence seriously affecting the country's economic and social development has never let up.

According to an investigation made by the international community, in the past 30 years, a total of 100,000 Guatemalans have died and another 4,5000 have disappeared in the war. Through the mediation of the National Reconciliation Council, the government and the Guatemalan National Revolutionary Organization formed by five guerrilla groups have continued their negotiations this year.

Last July, the two parties reached, for the first time, an agreement on principles for democratizing the country, but there was no essential commitment on both sides. Nevertheless, this was the first step on their road to peace.

The two sides then held talks over human rights, though the talks reached an impasse because of some disagreements and fighting has continued. A long road of negotiations is therefore expected before a consensus is reached over the 11 questions set out for the talks.

In Nicaragua, after Mrs. Violeta Chamorro took power last April, anti-Sandinists agreed to lay down their arms and the size of the Sandinist Army was reduced from 28,000 to 21,000 effectives.

On the other hand, the Nicaraguan Government managed to recover missing arms and the people managed to enjoy a period of peace with the end of the war.

Contrary to the wishes of the people, however, some members of the contras made themselves new elements of instability by taking up arms again in the northern mountains, attacking agricultural cooperatives and other establishments.

On the other hand, retired soldiers of the former Sandinist Army began to arm themselves again under the pretext of self-defense. The two forces have engaged each other in many battles.

As a major opposition in the country, the Sandinist Front for National Liberation has explicitly indicated its refusal to solve national problems by violent means and reiterated its wishes to hold political talks with the government. This posture is undoubtedly favorable to peace and stability in Nicaragua.

Since the armed conflicts in the aforementioned countries have not been brought to an end, it is difficult at present to discuss, still less to carry out, the proposal put forward by Honduran President Rafael Callejas for disarmament and security in Central America.

The Central American region is beset not only by ceaseless armed conflicts but also by wanton socio-economic injustice.

Of the 35 million people in Central America, 16 million live in misery, lacking basic living conditions.

Except for Costa Rica, all Central American countries have allocated substantial funds to military spending at the expense of the construction of economic infrastructure.

On the other hand, countries in the region have incurred a huge foreign debt and their problems are more serious than those in other parts of Latin America in terms of capital flight, inflation, unemployment, declining production and an unjust distribution of wealth.

Analysts point out that, for Central America, peace and development are mutually complementary. Its development is impossible without peace, and no peace and stability is possible without development and the elimination of social injustice.

They stress that a combined solution of those two problems will continue to be a great challenge facing Central American countries.

'Year-End' Views Latin American Integration

OW2912031491 Beijing XINHUA in English
0136 GMT 29 Dec 91

["Year-End": "1991 Sees Faster Pace in Latin American Integration"]

[Text] Beijing, December 29 (XINHUA)—Latin America has expectedly accelerated its pace of integration in 1991 in conformity with the trends of development in the world at large, with the result that the economic development in the region has been spurred at the start of the new decade.

Latin American integration has manifested the following characteristics in the past year:

First of all, sub-regional integration has made important progress.

On March 26, Argentina, Brazil, Uruguay and Paraguay signed the Treaty of Asuncion, agreeing to bring a southern cone common market into operation as of December 31, 1994.

In April, the group of three, which comprises Mexico, Colombia and Venezuela, decided to create a trilateral free trade zone as from mid-1994.

On December 5, the heads of state of the Andean Group agreed to form a tax-free zone as from January 1, 1992, with Ecuador and Peru committed to join six months later. They also decided to adopt common tariffs, thus advancing a goal originally set for 1995.

In July, the member countries of the Central American Common Market decided at their tenth summit to put into operation a common market by the end of 1992. They also called for the creation of a Latin American common market by the end of this century on the basis of consolidated sub-regional integration of different kinds.

The member countries of the Caribbean Community also moved towards the promotion of investments and scientific cooperation.

Secondly, the progress in Latin American integration has found expression not only in economy and trade but also in the political, cultural, educational and scientific fields, including health work, the fight against drugs and the protection of the environment.

The member countries of the Southern Cone Common Market (MERCOSUR) have entered into agreements of various kinds with non-member countries. As a founder and active member of the MERCOSUR, Argentina has signed with Chile an economic agreement and has entered into an agreement with Venezuela for mutual elimination of tariffs as from the end of 1995.

Colombia and Venezuela have not only been important members of the Andean Group, but also formed an integrated group with Mexico and proposed the entry of countries from Central America and the Caribbean region. Venezuela has entered into agreement with Chile for the automatic reduction of tariffs as from 1991.

The leaders of Mexico and of the five Central American countries decided at their meeting in January 1991 to establish a tax-free zone among these countries before December 1996.

Analysts believe that Latin American integration has gone beyond the stage of concept or wishful thinking in the minds of politicians and statesmen and begun to arouse the immense interest of businessmen of the region, who are trying to play an important role in the process.

Thirdly, the process of Latin American integration has served to strengthen the region's relations with the United States and Europe, attracting investments to this region to promote its economic recovery and development.

On June 19, the four countries that make up the Southern Cone Common Market entered into a trade and investment agreement with the United States. Earlier, the foreign ministers of the four countries expounded their common market project before the European Community and explored the possibility of signing a mutual cooperation agreement with the latter.

On July 22, Caribbean countries signed trade and investment agreements with the United States. On April 4, the group of Rio and the European Community discussed the possibility of creating joint enterprises, developing ecological and scientific cooperation and promoting integration.

Latin American countries wish to benefit from the experiences of the European Community in integration. On the other hand, the United States and the European Community have expressed a great interest in helping advance Latin American integration.

Latin American integration has made progress in 1991 partly because rapid changes in the international economic groupings have been pressing hard on the region. Countries in the region have found a pressing need to accelerate their integration to cope with these changes and find a proper place in a new world economy.

Internally, Latin America has drawn a lesson from its economic stagnation during the 1980s and is beginning to introduce economic reform and promote trade with the outside world.

The strengthening of democracy in Latin America in the past few years and the first results of its economic restructuring have also created favorable conditions for integration.

It is evident that Latin America will have to face formidable challenges in the process of its integration. But there will also be opportunities open for the region, whose economy has a sound and dynamic foundation. In a word, Latin American integration is an inevitable process.

Political & Social

Jiang Zemin, Li Peng Attend New Year Tea Party

OW0101170792 Beijing XINHUA Domestic Service
in Chinese 0756 GMT 1 Jan 92

[By reporter Zou Aiguo (6760 1947 0948)]

[Text] Beijing, 1 January (XINHUA)—The National Committee of the Chinese People's Political Consultative Conference [CPPCC] hosted a New Year's tea party in the CPPCC auditorium this morning. Jiang Zemin, general secretary of the CPC Central Committee, said in his speech: During the new year we should continue to comprehensively implement the party's basic line and various principles and policies, and earnestly implement the outline of the 10-Year Program and the "Eighth Five-Year Plan." We should also enforce the policy decision taken by the central work conference in September to improve state-run large and medium-sized enterprises; to implement the Decision of the Eighth Plenary Session of the 13th CPC Central Committee on Strengthening Agriculture and the Work in Rural Areas; to improve our economic work and other endeavors; and to promote sustained, stable, and coordinated development in the national economy as well as overall social progress.

The main hall on the third floor of the CPPCC auditorium building was filled with a festival atmosphere this morning. Leading comrades Jiang Zemin, Li Peng, Qiao Shi, Tian Jiyun, Ding Guangen, Bo Yibo, Song Renqiong, Yang Baibing, and Wen Jiabao joined the responsible persons of democratic parties and the Federation of Industry and Commerce, as well as some non-party democrats and personalities from various other circles, in joyfully celebrating the New Year.

Wang Renzhong, vice chairman of the CPPCC National Committee, presided over the tea party at Chairman Li Xiannian's request. On behalf of Chairman Li Xiannian and the CPPCC National Committee, he wished all present good health, success in work, and a happy family in the new year.

Jiang Zemin spoke on behalf of the CPC Central Committee, the State Council, and the Central Military Commission. He wished all present a happy new year and extended his cordial regards to workers, peasants, intellectuals, and the broad ranks of cadres of all nationalities throughout the country; to commanders and fighters of the People's Liberation Army; to officers and men of the Armed Police Force; to compatriots in Taiwan, Hong Kong, and Macao; to Chinese nationals living abroad; and to foreign friends who help with China's construction. He also wished them a happy new year and success in their work.

On the domestic and international situation, Jiang Zemin said: The Chinese nation is a great nation with a fine tradition and original spirit. It is a great nation good at absorbing all the achievements of civilization in the

social progress of mankind and capable of weathering all storms. The Chinese nation is bound to exhibit an increasingly vibrant life in the course of socialist reform and opening up.

Jiang Zemin pointed out: The CPC will hold its 14th National Congress during the fourth quarter of this year. During the new year we should continue to concentrate on effectively building the party, to further improve the awareness of the vast numbers of party members about implementing the party's basic line, and to strive to enhance the party's close ties with the people. We should also exercise stringent party management, should strictly enforce party discipline, should persistently and relentlessly wage a struggle against corruption, should correct unhealthy practices, and should improve the party's fighting power in all aspects.

On the reunification of the motherland, Jiang Zemin hoped that the Chinese Kuomintang will perform more practical work together with the Communist Party of China. He said: Once again we would like to warn those separatist elements who are bent on promoting "Taiwan independence" not to miscalculate the situation and get burnt while playing with fire. We firmly believe that joint and relentless efforts by the people on both sides of the Taiwan Strait will surely lead to the early realization of the great cause of reunifying the motherland.

Dong Yinchu, chairman of the Zhi Gong Dang Central Committee, spoke at the tea party on behalf of all democratic parties, non-party democrats, and the Federation of Industry and Commerce. He pledged that they will unite even closer under the banner of patriotism and socialism; will continue to uphold the policy of "long-term coexistence, mutual supervision, treating each other with all sincerity, and sharing weal and woe;" and will work hard for a lasting public order, reunification of the motherland, and rejuvenation of the Chinese nation in the new year.

Literary and art workers of Beijing performed some wonderful programs during the tea party.

Also present at the party were Liu Lantao, Peng Chong, Ngapoi Ngawang Jigme, Seypidin Aze, Yan Jici, Rong Yiren, Liao Hansheng, Chen Muhua, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Fang Yi, Zhou Peiyuan, Wang Guangying, Zhao Puchu, Qu Wu, Ma Wenrui, Qian Xuesen, Qian Weichang, Hu Sheng, Cheng Siyuan, Qian Zhengying, and Ding Guangxun.

Further on Gathering

OW0101202792 Beijing XINHUA Domestic Service
in Chinese 0933 GMT 1 Jan 92

[Feature article by reporters Zou Aiguo (6760 1947 0948) and Xue Jianhua (5641 1696 5478): "New Year Greetings"]

[Text] Beijing, 1 January (XINHUA)—Chinese lanterns, flowers, a red streamer inscribed with "Happy New

Year," and the gold emblem of the Chinese People's Political Consultative Conference [CPPCC] beautifully complemented each other.

The annual New Year tea party hosted by the CPPCC National Committee was, as usual, held in the quaint hall of the CPPCC auditorium building, with tea served on round tables. With a spring atmosphere in the air, the hall was filled to capacity.

A little after nine o'clock [a.m. or p.m. not specified] Jiang Zemin, Li Peng, Qiao Shi, and other leading comrades arrived in the hall and extended their New Year greetings to guests from various circles who were present at the tea party.

Jiang Zemin, in a dark blue Chinese tunic suit, walked from one table to another, warmly shaking hands and cordially chatting with the guests. Qu Wu, the honorary chairman of the Central Committee of the Kuomintang Revolutionary Committee, who is more than 90, was nearby, so Jiang Zemin trotted over, held him, and said: "Happy New Year, Mr. Qu. I wish you good health and long life!" Qu Wu thanked him again and again.

Jiang Zemin walked over to Ye Gongshao, an 84-year-old educator, then held his hand and said: "Happy New Year!" Ye Zhishan, vice chairman of the central committee of the China Association for Promoting Democracy, told Ye Gongshao (who suffers from cataracts): "This is General Secretary Jiang." Ye Gongshao complained: "Why didn't you tell me sooner? I should have stood up." Jiang Zemin smiled: "No need to stand up."

At a table of Taiwan compatriots, Jiang Zemin shook hands with Huang Ayuan, Zhang Chunnan, Lin Liyun, and Su Ziheng; he extended his New Year greetings to them. Jiang Zemin said: "On festival occasions we think more than ever of our dear ones far away. I am very happy to see you."

Shaking hands with Li Dawei, who returned to the mainland from Taiwan 10 years ago, Jiang Zemin said: "I am glad to know you. You are young." Li Dawei replied: "I am 42."

Jiang Zemin asked: "What is your native province?"

"Anhui."

"I visited there twice this year when floods occurred in the south."

"You are working very hard, sir." Li Dawei told the general secretary that his father recently came to Beijing from Taiwan, witnessed his comfortable life here, and was very satisfied. Jiang Zemin asked Li Dawei to give his regards to the elderly man.

Huo Maozheng, a teacher for half a century at the Beijing No. 2 Experimental Primary School, could not say a word for quite a while when she again met the general secretary and premier. She contracted cancer three years

ago. At last year's New Year's tea party, Jiang Zemin and Li Peng asked with great concern about her illness and wished her a speedy recovery. Today Huo Maozheng said to Jiang Zemin and Li Peng: "Thank you, General Secretary and Premier. With your attention, I am recovering very well." Jiang Zemin said to her: "Please take good care of yourself. You have a long life ahead." Li Peng said to her: "My best wishes to you again. I hope that your health will become better and better."

At 0930, Vice Chairman Wang Renzhong announced the beginning of the tea party. Jiang Zemin ascended the rostrum and delivered an ebullient speech. He quoted Du Fu's poem "Time and Human Affairs Change With Each Day, and Spring Has Returned After Winter"; then he called on all present to usher in the 14th CPC National Congress with outstanding achievements in socialist modernization, reform, and opening up to the outside world in the new year.

After delivering his speech, Jiang Zemin came back to those old and new friends and chatted with them. Liu Xiyao, a member of the Standing Committee of the CPPCC National Committee, praised Jiang Zemin for properly quoting the ancient poem. Tao Lujia, also a member of the Standing Committee, was amazed by Jiang Zemin's ability to remember those poems. Jiang Zemin said with a smile: "As a matter of fact, I didn't learn the poems of the Tang and Song Dynasties in school. I learned to recite them from memory at home when I was a child. After repeated recitation, I naturally memorized them. I think we must recite from memory when we learn any language, and such a practice can do us a world of good."

The tea party drew to a climax amid music from string instruments and traditional Beijing opera. Soon after the string music stopped, Jiang Zemin tried to learn with great zeal from Chang Xuexian, an actor from the China Children's Theater, the skill of blowing a tree leaf to produce music. Qiao Shi smiled and said: "Tree leaf-blowing is a patent of China."

Li Peng asked Chang Xuexian: "Is Chang Xuexian your elder brother?" Chang Xuexian said in surprise: "Yes."

Li Peng said: "He was my teacher when I attended the Yucai School in Chongqing." Li Peng then asked: "Mr. Chang must be over 80 years old. How is he?"

"He is OK."

"I wish him good health and long life!"

In front of the flower-decorated stage, Jiang Zemin and Li Peng zealously discussed Beijing opera reform with Beijing opera actors Li Weikang and Geng Qichang. Li Peng said: "As a member of the audience, I love to hear the true voices of actors. Don't you think the gongs and drums should not be as loud and the actors should be farther from the microphone if the performance takes place in a smaller room?" The actors agreed with Li

Peng. Jiang Zemin said: "Beijing opera is the quintessence of Chinese culture. It should be passed on from generation to generation and carried forward."

After the tea party was over, the guests hesitated to leave. They lingered there talking, laughing with Jiang Zemin and Li Peng. Photographers raised their cameras and took snapshots of the general secretary, the premier, and other guests, all smiling with the greetings and hope of the new year.

Jiang Addresses Gathering

OW0101102692 Beijing XINHUA Domestic Service
in Chinese 0746 GMT 1 Jan 92

[Speech by Jiang Zemin at New Year's tea party hosted by the National Committee of the Chinese People's Political Consultative Conference (CPPCC) in Beijing on 1 January]

[Text] Beijing, 1 January (XINHUA)—Comrades and friends: We are here to joyously ring in the new year together. On behalf of the CPC Central Committee, the State Council, and the Central Military Commission, I hereby extend my New Year's greetings to various democratic parties and patriotic people with no party affiliation. I would also like to take this opportunity to extend my warm regards to workers, peasants, intellectuals, and the broad ranks of cadres of all nationalities throughout the country; to commanders and fighters of the People's Liberation Army; to officers and men of the Armed Police Force; to compatriots in Taiwan, Hong Kong, and Macao; to Chinese nationals living abroad; and to foreign friends who help with our construction. I wish them a happy new year and success in their work.

During the past year, our country began to implement the outline of the 10-Year Program and the "Eighth Five-Year Plan." It was a good start. In spite of changes in the international situation over the past year, we steadfastly followed our own course and scored new achievements in upholding the four cardinal principles, reform, and opening while focusing on economic construction. Political stability and unity was further consolidated. The economy developed steadily, and substantial strides were made in carrying out reform and opening to the outside world. Our country managed to reap fairly good harvests in agriculture during this year of major disasters. Industrial production grew steadily, and sales began to pick up. Commodity prices remained basically stable. Export and import business continued to expand, leading to an increase in the nation's foreign exchange reserves. The people's living standards continued to improve. We actively developed relations with our neighboring countries, developing countries, and all friendly nations by upholding the independent foreign policy of peace and on the basis of the Five Principles of Peaceful Coexistence. This led to a favorable international environment for carrying out socialist modernization and for implementing reform and open policies at home. These achievements were not attained easily.

They are the product of concerted efforts by people of all nationalities throughout the country and of the way various democratic parties and patriotic people with no party affiliation stood together with the CPC through thick and thin. They demonstrate the Chinese nation's strong rallying power.

Because of their experiences in more than a decade since the Third Plenary Session of the 11th CPC Central Committee, people of all nationalities in China are more acutely aware of the fact that our adoption of the course of building socialism with Chinese characteristics has been correct. During the new year, we should continue to comprehensively implement the party's basic line and various principles and policies and to earnestly implement the outline of the 10-Year Program and the "Eighth Five-Year Plan." We should also enforce the policy decision taken by the central work conference in September to improve state-run large and medium-sized enterprises; implement the Decision of the Eighth Plenary Session of the 13th CPC Central Committee on Strengthening Agriculture and the Work in Rural Areas; improve our economic work and other endeavors; and promote sustained, stable, and coordinated development in the national economy, as well as overall social progress.

After three years of efforts, we have basically completed our task of improving the economic environment and rectifying the economic order. During the new year, we should further emancipate our minds, seek truth from facts, and make keen and steady efforts to take an even bigger step in reform and opening. We should achieve new success in economic reform while working to achieve the goal of instituting an economic system and operational mechanisms that are compatible with the development of the planned socialist commodity economy and with the integration of the planned economy with market regulation. We should concentrate on deepening the internal reforms of enterprises, especially on changing enterprise mechanisms, while working to readjust structure, raise efficiency, and improve state-run large and medium-sized enterprises. The key to deepening rural reform lies in continuing to stabilize the household contract responsibility system with remuneration linked to output, in constantly improving the dual management system combining household and collective operations, in actively developing the socialized service network, and in gradually expanding collective economic might. We should continue to motivate peasants, improve productivity in rural areas, and provide guidance to peasants in gradually achieving common prosperity by encouraging some people and areas to get rich first. We should continue to open wider to the outside world in all spheres, improve the investment climate, and promote foreign trade and economic and technological exchanges with foreign countries. We should streamline our organizations, improve our work efficiency, change the work style of leading organs, intensify political reform, develop socialist democracy, improve the socialist legal system, and consolidate and develop political stability and unity.

The socialist system's means of improving and developing itself is the starting point and the end of our reform and open policies. We must march forward in close step with the times, always stand together with the people, continually sum up the people's practical experiences, preserve that which is correct, eliminate malpractices, and display creativity. The Chinese nation is a great nation with a fine tradition and an original spirit. It is a great nation good at absorbing all the achievements of civilization in the social progress of mankind and capable of weathering all storms. The Chinese nation is bound to exhibit an increasingly vibrant life in the course of socialist reform and opening.

The CPC will hold its 14th National Congress during the fourth quarter of this year. The 14th National Party Congress is extremely significant to, and will have a huge, far-reaching impact on, the successful attainment of the second-step strategic objective of our country's modernization and the further consolidation and development of our country's socialist cause. Making good preparations in all fields and successfully holding the congress constitute the most important events in our country's social and political life this year. Efforts to uphold and improve the CPC's leadership are the fundamental guarantees of success in all endeavors, as are those aimed at strengthening party building. They reflect the great expectations that people of all nationalities throughout the country, various democratic parties, and patriotic people with no party affiliation entertain of our party. Much headway has been made in this respect since the Fourth Plenary Session of the 13th CPC Central Committee. During the new year, we should continue to concentrate on building the party well, further improve the awareness of the vast numbers of party members about implementing the party's basic line, and strive to enhance the party's close ties with the people. We should also exercise stringent party management, strictly enforce party discipline, persistently and relentlessly wage a struggle against corruption, correct unhealthy practices, and improve the party's fighting power in all aspects.

Currently, the old world structure is being replaced by a new one. The planet on which we live is still not peaceful. Regardless of how complicated and changeable the international situation, we will uphold the independent foreign policy of peace and maintain and develop friendship and cooperation with all countries in the world that are willing to develop friendly relations with our country on the basis of the Five Principles of Peaceful Coexistence. We will foster friendships extensively, support just causes, safeguard world peace, and make due contributions to building a new international economic and political order that accords with the interests of various peoples in the world.

The CPC-led system of multiparty cooperation and political consultation is our country's basic political system. The CPPCC is our country's broad, patriotic united front organization as well as an important conduit

for enhancing socialist democracy. The CPC will continue to follow the principles of "pursuing long-term coexistence, exercising mutual supervision, showing utter devotion to each other, and sharing honor and disgrace" in strengthening close cooperation with various democratic parties and patriotic people with no party affiliation. We sincerely hope that the CPPCC will actively perform its functions of political consultation and democratic supervision. We should listen attentively to opinions, suggestions, and criticisms made by various democratic parties, patriotic people with no party affiliation, various mass organizations, and people in all walks of life in the course of developing the economy, carrying out reform, opening to the outside world, developing socialist democracy, building the socialist legal system, nurturing socialist spiritual civilization, and building the ruling party. We should encourage everybody to make suggestions and offer ideas regarding major state affairs and to make joint efforts in advancing our country's socialist modernization.

Comrades and friends, we greatly miss the broad masses of our compatriots in Taiwan, Hong Kong, and Macao as well as Chinese nationals living abroad as the new year arrives. We are more keenly aware that accomplishing the great cause of reunifying the motherland peacefully is in line with the common wish and fundamental interests of the people on both sides of the Taiwan Strait. We have now solved the problem of returning Hong Kong and Macao to the motherland during this century in accordance with the principle of "peaceful reunification and one country, two systems." We have proposed contacts between CPC and Chinese Kuomintang [KMT] representatives to pave the way for holding talks on formally ending cross-strait hostilities, on opening the three types of direct cross-strait links at an early date, on initiating two-way exchanges, and on gradually achieving peaceful reunification. People with representative status from other political parties and organizations on both sides of the Taiwan Strait may be invited to the talks. We hope that the KMT will perform more practical work together with us. Once again, we would like to warn those separatist elements who are bent on promoting "Taiwan independence" not to miscalculate the situation and get burnt while playing with fire. We firmly believe that joint relentless efforts by people on both sides of the Taiwan Strait will surely lead to the early realization of the great cause of reunifying the motherland.

"Time and human affairs change with each day. Spring has returned after winter." We are two years into the 1990's. During the new year, let us continue our efforts, work with one heart and one soul, seize on opportunities, apply ourselves to hard work, and usher in the 14th national party congress with remarkable achievements in socialist modernization, reform, and opening.

Thank you.

Officials Greet Overseas Chinese on New Year

OW0101234192 Beijing Central People's Radio
in Mandarin to Taiwan 2200 GMT 31 Dec 91

[From the "News and Current Events" program]

[Text] At the invitation of the biweekly ZHONGHUA YINGCAI, 34 Chinese Government ministers and directors jointly extended New Year's greetings to compatriots in Hong Kong, Macao, and Taiwan and to foreigners of Chinese origin, wishing them good luck and prosperity in the coming new year.

In a special page published in its 1 January 1992 issue, the magazine says: As the bells of 1992 toll, our magazine invites Li Tieying, Qin Jiwei, Wang Bingqian, Song Jian, Li Guixian, Qian Qichen, and some principal leaders of ministries, commissions, and offices to extend greetings to our readers.

This is the first time in the 42 years since the country's founding that senior Chinese officials have jointly extended New Year's greetings through mass media to people at home and abroad. In addition to these officials' autographs, the special page carries their photos.

Wang Zhen, Others Reported 'Seriously Ill'

HK0101020092 Hong Kong SOUTH CHINA
MORNING POST in English 1 Jan 92 p 10

[By Willy Wo-lap Lam]

[Text] Vice-President Mr Wang Zhen has been taken ill after an outburst in late November that attacked the reform and diplomatic policies of patriarch Mr Deng Xiaoping.

Chinese sources said Mr Wang, 83, a leader of the conservative faction of the Chinese Communist Party, has not made any public appearances since the Eighth Plenum of the Central Committee, which ended on November 29.

The sources said in a conversation with fellow leftist ideologues, Mr Wang expressed fears that the reform and open door policy championed by Mr Deng might lead the country "down the capitalistic road".

"Comrade Xiaoping is not doing enough to combat 'peaceful evolution,'" Mr Wang reportedly said, referring to the alleged plot by the United States to turn China capitalist. The Vice-President, who was a strong advocate for the armed suppression of the 1989 democracy movement, also lambasted Mr Deng for being "too soft" on the Americans.

Mr Wang indicated Beijing should not have made so many concessions to Washington on human rights and other issues.

Analysts said Mr Wang was giving vent to the widely-held belief among leftists that Mr Deng's game plan for integrating the Chinese economy with the capitalistic

world would abet the "peaceful evolution" process. Chinese sources said through emissaries including President Mr Yang Shangkun, Mr Deng had not only made a spirited self-defence but asked Mr Wang to stop interfering in his policies.

"The only way out for China is to stick to economic construction as the core (of national work)," Mr Deng reportedly said.

"No matter what political beliefs we are implementing, we must first of all improve the people's standard of living."

The sources said after the run-in with Mr Deng, the health of Mr Wang, who is already suffering from cancer, had taken a turn for the worse, rendering him unable to attend public functions.

For example, the Vice-President, who is also honorary chairman of the Chinese-Japanese Friendship Association, has failed to meet Japanese guests, including a high-level delegation from Mitsubishi Corporation which was in China in mid-December.

The Chinese media, however, has published news items related to Mr Wang in a bid to head off speculation about his health.

Late last month, the PEOPLE'S DAILY [RENMIN RIBAO] published a letter written by the party elder to a poet on the significance of Chairman Mao's theories. And Mr Wang's name also came up during a NEW CHINA NEWS AGENCY [NCNA] [XINHUA] report on a high-level seminar on Mao thought.

NCNA said the conclave was held "with the solicitude of Vice-President Wang," but hinted that he did not show up.

Aside from Wang, three other of the so-called Eight Major Elders are believed to be seriously ill.

They include conservative patriarchs Mr Chen Yun, 87, Mr Peng Zhen, 89, and Mr Li Xiannian, 83.

A source in Shanghai said Mr Chen, who maintains a residence in nearby Hangzhou, is receiving "intensive medical care".

Jiang, 'Shanghai Faction' Expanding Influence

HK0201011592 Hong Kong SOUTH CHINA
MORNING POST in English 2 Jan 92 p 10

[By Willy Wo Lap-lam]

[Text] The power of Chinese Communist Party General Secretary, Mr Jiang Zemin, has expanded in key areas including preparation for the 14th party congress, and the overall design of the "next stage of reform".

Sources in Beijing said Mr Jiang's influence had expanded despite the fact that his mentor, patriarch Mr Deng Xiaoping, had been away from the spotlight for nearly a year.

And the clout of the so-called Shanghai Faction, of which Mr Jiang is titular head, has also been augmented.

The sources said much of the preparation work for the 14th congress, scheduled for late this year, was being handled by the chief of the Jiang Zemin Office, Mr Zeng Qinghong, who is also deputy director of the General Office of the party's Central Committee.

Mr Zeng, who worked with Mr Jiang in the Shanghai party committee, is also a member of the so-called Gang of Princelings who are expected to be elevated later this year. His father, Zeng Shan, was a vice-mayor of Shanghai and an army intelligence expert.

The Jiang Zemin Office has been empowered to handle matters including the drafting of the political report to be delivered at the congress.

Analysts say Mr Deng has authorized Mr Jiang—and other members of the Shanghai Faction such as Vice-Premier, Mr Zhu Rongji—to map out market reforms for the decade.

They say a "new spirit" is evident from the New Year's Day address given by Mr Jiang yesterday.

The party chief said the party and Government must "further liberate their thoughts" and "seek truth from facts". These rallying cries were first popularized by such former Deng proteges as ousted party chiefs, Mr Zhao Ziyang and Mr Hu Yaobang, in the mid-1980s.

Moreover, the Jiang speech is notable for its lack of left-wing slogans such as "grasping class struggle" and "combating peaceful evolution".

Like Mr Zhao and Mr Hu, Mr Jiang has confined the party's ideological tasks to rooting out corruption and building up party cells.

Sources in Shanghai said the power of the entire Shanghai Faction—politicians associated with the city through birth or careers—had been expanded.

A case in point is another member of the Shanghai party committee, Ms Chen Zili. The sources said Ms Chen, earlier rumoured to have been a candidate for the Central Committee Secretariat, was now being considered for the more senior position of a vice-secretary of the Central Commission for Disciplinary Inspection.

The commission, headed by Mr Qiao Shi, a member of the Politburo Standing Committee, is charged with investigating the crimes of party members and meting out punishment.

"If Chen, a Jiang protege, gets the powerful job of vice-chief (of the commission), the Jiang faction's control over party affairs will be greatly expanded," a source said.

"Moreover, it also means Qiao, a potential kingmaker in the post-Deng Xiaoping years, is linking his own fate with that of Jiang's."

Mr Jiang's influence in the Army has also been on the rise. While Mr Jiang has succeeded Mr Deng Xiaoping as chairman of the Central Military Commission, his lack of army credentials has meant that much of the army-related work is done by the body's vice-chairman, President Mr Yang Shangkun.

Recently, however, Mr Yang has told the top brass that Mr Jiang's approval was needed for army policies and movements.

Sources said the military's third most powerful figure, Mr Yang's younger brother, chief political commissar General Yang Baibing, has also established good relations with both Mr Jiang and Mr Zeng.

Ninth Plenum To Settle 'Zhao Ziyang Question'

HK3112023291 Hong Kong SOUTH CHINA
MORNING POST in English 31 Dec 91 p 9

[By Willy Wo-lap Lam]

[Text] The Chinese Communist Party Central Committee will hold its ninth plenary session next summer to settle the "Zhao Ziyang question" and to lay down the agenda for the 14th party congress scheduled for late next year.

Chinese sources said party authorities had started preparing for the theme of the watershed congress, which would map out the party's work in the 21st century.

The leadership is appointing work groups to draft the political report for the congress and to short-list candidates for the new, 14th Central Committee.

The ninth and last plenum of the 13th Central Committee is tipped to be held in the summer, most likely after the traditional "brainstorming sessions" among party elders at the Beidaihe resort.

"The ninth plenum will have to resolve all the outstanding issues so that the new Central Committee can begin with a clean slate," a source said.

He said the thorniest problem was how to present to the public the results of investigations into the "crimes" of ousted party chief Mr Zhao Ziyang.

While the high-level investigation team on Mr Zhao failed to unearth any incriminating evidence, the authorities have to find an excuse to continue keeping the former liberal leader in limbo.

A judicial source said the most likely solution would be to accuse Mr Zhao of the "lighter misdemeanors": that he condoned the spread of bourgeois liberalisation and failed to support necessary measures taken by the party elders to crack down on the student movement of 1989.

Chinese sources said that in view of the dissolution of the Soviet Union, the authorities had a hard time concocting a theme for the 14th party congress, a rallying cry that would convince the populace that there was still a future for socialism.

They said since the June 4, 1989 massacre, the party had stuck with "traditional" themes such as maintaining stability and persevering with economic construction. These well-worn slogans, however, could not again be recycled at such a forward-looking occasion as the 14th congress.

One theme suggested is that the third-generation leadership with General-Secretary Mr Jiang Zemin as its core has "succeeded in correctly and comprehensively implementing the Deng Xiaoping line of economic construction—and that reform will be pushed to new heights in the 21st century".

The team for drafting the "state of the party" or political report has not been finalised.

Sources said while State Council Research Office chief Mr Yuan Mu was eager for the job, moderate leaders including Mr Jiang preferred cadres with new ideas.

China analysts said the party had an easier time settling the question of personnel.

A headhunting team led by member of the Politburo Standing Committee Mr Song Ping is expected to pick cadres "who have both (Marxist) morality and administrative ability".

Senior positions, including the new premier and vice-premiers, as well as additions to the Politburo and its Standing Committee, are likely to be decided by party elders at Beidaihe.

Control Over Visits From Outside Said Tightened

HK0201054492 Hong Kong CHIUSHIH NIENTAI
in Chinese No 264, 1 Jan 92 p 17

[By A Lin (7093 2651): "Judicial Departments Tighten Control Over Visits from Outside World"]

[Text] The supervisory and management organs of the judicial departments on the mainland recently tightened their control over visits from the outside world. The judicial departments instructed their subordinate organs that unless it is specially approved by authorities, no persons from abroad and from Hong Kong, Macao, and Taiwan shall take photos in detention houses, reform-through-labor farms, reform-through-labor teams, and prisons.

The background of this instruction was that in the summer of last year (1991), when Wu Hongda, a visiting scholar in the United States, returned to the mainland, he secretly made a film on the life and activities of the prisoners on the mainland, which caused a sensation in the West. International human rights organizations have also increased pressure on the CPC because of this. Moreover, after the videotape made by the CBS "60 Minutes" program reporters, who pretended to be foreign businessmen discussing export business with the mainland's reform-through-labor factories, was shown to the world, the CPC's judicial departments became extremely enraged. Although the public security personnel involved have not yet been punished, the vigilance of the judicial departments has been aroused again.

During his China visit last November, U.S. Secretary of State James Baker had a showdown on the issue of China's export of products made by criminals under reform through labor. The CPC also made certain commitments on this issue. That is why readjustment has started recently in the reform-through-labor enterprises. The purpose of tightening control over visits from outside is to prevent exposure of the reform-through-labor factories to the outside world.

Among the prisons and reform-through-labor farms and factories, there have usually been a number of "windows" for outsiders to visit, such as model prisons, homes for juvenile delinquents, and prisons for female criminals. They can be visited by outsiders (including those from abroad and from Hong Kong and Macao), who are accompanied by some special people, just like guides of tour groups. But recently, the number of such "open units" has declined. A Western reporter, who knows much about the mainland's judicial situation, said that a scheduled visit had been canceled because there are "instructions from above."

7 Executed for 'Violent Crimes' in Jiangsu, Yunnan

HK0201062792 Hong Kong AFP in English 0604 GMT
2 Jan 92

[Text] Beijing, Jan 2 (AFP)—Seven criminals were executed in eastern and southwestern China for violent offenses, newspapers reported here Thursday.

Five people convicted of rape, murder and theft were executed December 26 in Nanjing following a public meeting to announce the sentencing of 21 criminals, the Jiangsu Legal News said.

Two others were given two-year suspended death sentences, seven were jailed for life and seven for unspecified terms, the newspaper said.

In Yunnan Province, two convicted armed robbers were executed on December 18 after the province's high court rejected their appeal, the Yunnan Legal News said.

The province will step up its anti-crime drive and severely punish people who refuse to give up criminal activities, a senior court official was quoted as saying.

China has executed hundreds of people in the last half year in a nationwide campaign aimed at halting a rising crime rate.

CPC Classifies Stable, Unstable Regions

HK3112101491 Hong Kong CHENG MING in Chinese No 171, 1 Jan 92 pp 8-9

[Article by staff reporters Lo Ping (5012 0393) and Li Tzu-Ching (7812 5261 0079): "Unstable Regions Set Forth in Top Secret Document"]

[Text] "Unstable" Regions Cover Over 60 Percent of China's Total Area

A most confidential document lays bear an astonishing fact: Within the area of China (excluding Taiwan), 14 provinces, autonomous regions, and municipalities, covering over 60 percent of China's total area, have been categorized as politically and socially unstable or less than stable regions.

Authorized by the State Council and upon an overall investigation into the political, economic, social, and cultural situation of all provinces, municipalities, and autonomous regions throughout China, Yuan Mu, Luo Gan, and Gao Di, together with the Department of Policy Research under the State Council General Office, took three months to draft this document. Entitled "An Itemized Report and Analysis on the General Political, Economic, Social, and Cultural Situation of 30 Provinces, Autonomous Regions, and Municipalities Across China (Excluding Taiwan Province)," this report was filed as internal document No. 110 and classified as "top secret" by the State Council.

Five Hundred Investigation Reports Were Collected and Itemized

The document explains that all situations and developments mentioned in the document are drawn from more than 500 investigation reports submitted by party and government offices and their subordinate offices and policy research groups in 30 provinces, autonomous regions, municipalities, and 334 prefectures.

The document categorized China's 30 provinces, autonomous regions, and municipalities into four different political regions: politically and socially stable, fairly stable, less than stable, and unstable regions. In addition, the document also divides the entire country into three major types according to their economic and cultural situations.

Turbulence May Break Out in Six Provinces and Autonomous Regions

Listed in the document as politically and socially unstable regions where turbulence and trouble may

break out are Hainan Province, Fujian Province, Xinjiang Uygur Autonomous Region, Tibet Autonomous Region, and Shaanxi Province.

Listed as politically and socially less than stable regions where incidents may take place on different occasions are Beijing Municipality, Sichuan Province, Henan Province, Anhui Province, Shanxi Province, Hubei Province, Inner Mongolia Autonomous Region, and Jiangxi Province.

Listed as politically and socially fairly stable regions are Tianjin Municipality, Hebei Province, Guizhou Province, Gansu Province, Qinghai Province, Ningxia Hui Autonomous Region, Guangxi Zhuang Autonomous Region, Hunan Province, Guangdong Province, and Heilongjiang Province.

Listed as politically and socially stable regions are Shanghai Municipality, Liaoning Province, Jiangsu Province, Zhejiang Province, Jilin Province, and Shandong Province.

Provinces, Autonomous Regions and Municipalities	Area (10,000 sq km)	Population (10,000)
Politically, Socially Unstable Regions		
Hainan Province	3.34	650
Fujian Province	12	2,749
Xinjiang Uygur Autonomous Region	160	1,383
Tibet Autonomous Region	120	202
Yunnan Province	38	3,455
Shaanxi Province	19	3,042
Total:	352.34	11,481
Politically, Socially Below Stable Regions		
Beijing Municipality	1.68	975
Sichuan Province	56	10,319
Anhui Province	13	5,217
Shanxi Province	15	2,655
Hubei Province	18	4,989
Inner Mongolia Autonomous Region	110	2,029
Jiangxi Province	16	3,059
Henan Province	16	7,807
Total:	245.7	37,500

The Central Authorities Have Called Many Meetings To Study This Report

It has been learned that this document was highly valued by the central authorities as soon as it came out. Since last November, the central authorities have called a series of meetings to study this document, including holding internal meetings of the CPC Political Bureau and work meetings for persons in charge of provinces, municipalities, and autonomous regions.

According to a high-ranking cadre who attended one such meeting, this document shows that in view of the lessons of "restoration of reactionary rule" in the Soviet Union and Eastern Europe, as well as the sequences of the 4 June incident, the CPC needs to "find out the real situation" across the country, divide the country into political regions, and then impose different rules in different regions. By so doing, the CPC attempts to regain the initiative and avoid political eventualities. This move can be considered a measure to strengthen the tyrannical regime.

Measures Have Been Worked Out To Turn "Unstable" Regions Into "Stable" Ones

The State Council held a routine meeting to draw up measures, with an aim to turn politically and socially unstable regions into fairly stable and stable regions in three years, and turn politically and socially less than stable regions into stable and fairly stable regions in two years. Under the guidance of the party Central Committee and the State Council, party and governmental organs in unstable and less than stable regions are required to work out countermeasures in this regard. A number of cadres will be transferred from the central authorities, as well as from politically, economically, and socially "well-developed" regions to replenish leading bodies, relevant departments, and enterprises in unstable and less than stable regions.

Social Contradictions Stem From the State Structure

However, a State Council official said privately: The adoption of measures cannot solve problems fundamentally, for there still exist many variables in the future of mainland China. Because China is still "ruled by man," power struggles inside the party will inevitably exert adverse influence on the operation of the society, thus giving rise to new social contradictions. Since factors leading to instability stem from the state structure, problems can only be solved fundamentally when structural reform is carried out.

However, will the CPC carry out reform of its political structure and social system?

Rural Ideology Education Faces 'Serious Setbacks'

HK0201070292 Hong Kong CHENG MING in Chinese
No 171, 1 Jan 91 pp 24-25

[By Kuan Chuan (7070 1557): "Peaceful Evolution in Rural Areas Thwarts 'Socialist Education Movement'"—first paragraph is CHENG MING introduction]

[Text] The main topic at the Eighth CPC Plenum was "saving the party with agriculture." This decision was made in light of the lesson from the crumbling of the CPSU. However, an internal document from the State Council admitted that in the past year, the effort in sending work teams to rural areas to launch socialist education suffered serious setbacks.

Protecting and saving the party—this is a problem which requires a great deal of painstaking thought among the core persons of the CPC since great changes took place in the Soviet Union.

"Saving the Party With Agriculture" Was the Main Topic at the Eighth CPC Plenum

Within the party, there were different opinions on how it could be saved, and there were even heated arguments. The proposal of "saving the party with agriculture" emerged against this background, and became the "consensus" at one point within the CPC, as well as the main topic at the Eighth Plenary Session of the 13th CPC Central Committee.

Someone asked whether "saving the party with agriculture" means that the CPC wants to launch a second round of "surrounding cities with countryside." In mainland China, rural and urban areas are two opposite sides, reflecting differences in civilization and between advanced and backward productive forces. In a certain sense, we may say that the CPC has failed in cities, because cities are the hotbed of capitalism, the place where "bourgeois liberalization" has run rampant, whereas the vast rural areas are still the CPC's "base area," the place of origin of the CPC's despotic and totalitarian rule. Therefore, if this front can be consolidated, and several hundred million peasants can have three meals a day and a well-off standard of living, there is no need to worry about their rising up, and political power can be maintained.

Learning the Lesson of the CPSU Collapse

Such a decision by the CPC was made after learning a lesson from the Soviet Union. The CPC's political old men noticed that although the Soviet Union was a superpower, the CPSU knew nothing but military strength and the KGB, while its economy was a mess, and that this shook the foundation of socialism and was the main reason for the collapse of the CPSU. This lesson cannot but cause alertness.

However, it is not easy to develop agriculture. The communique issued by the Eighth Plenum admitted that in rural areas, "material and technological bases are rather weak, economic and social development in rural areas are unbalanced, and there are many urgent problems which must be solved in rural work." The communique also mentioned that it is necessary to continue to launch socialist ideological education.

Indeed, the rural "socialist education movement" has never ceased since the PRC's founding. But how much effect it has achieved is a thing even the CPC itself cannot tell.

An Internal Document From the State Council Admits That "Socialist Education" Suffered Setbacks

According to an internal document from the General Office of the State Council, in recent years, the CPC's "socialist education movement" in rural areas suffered serious setbacks.

According to information, at a CPC Central Committee Political Bureau meeting, which was held in early November, Jiang Zemin admitted that in the past year, the effort in sending work teams to rural areas for socialist education movement scored very little result, that peasants were generally afraid of the work teams or were antagonistic, and that the obstacles were very big and the CPC's demand was not met.

The so-called "CPC's demand" first refers to the demand made by the stubborn school, who were very worried about the spreading of "bourgeois liberalization" in the rural areas, which might spread to cities and lay a road for "peaceful evolution." They therefore thought about means and measures such as socialist cooperatives and collectivization. However, in light of the situation, they are not bold enough to say this, so they first launch the so-called "socialist education" and try to "straighten out peasant minds"; then, they will make concrete arrangements. Peasants are very sensitive to this, so they become hostile.

The report by the General Office of the State Council pointed out that in Jiangxi, Shaanxi, Guizhou, and Henan, there have been organized efforts led by some people to kick the work teams out.

"Work Teams Are Not Welcome in Our Village!"

In Jiangxi Province, in the "old revolutionary bases" such as Xingguo, Ningdu, and Jian, peasants and local village cadres resisted the coming of the "socialist education work teams." In one case, they used white lime to write slogans on the road and at the entrance to the village:

"Work team from city not welcome in our village!"

"Land and houses belong to peasants!"

"Peasants work on land to feed the lords in cities!"

The work team could not do anything, and could only invite the country party secretary to gather village cadres and party members for study class; after rectification of organization, the work team moved into the village.

The peasants in Shaanxi's Yenan areas wrote 14 characters on the cliff: "Work team brothers must not come to fix peasant brothers." The work team dared not enter the village until it was accompanied by the cadres from the provincial and county party committees. When a grand meeting of villagers was to be held, village cadres had to go to each household to invite people to come; they also had to give candies and biscuits, for fear that peasants would not come.

Some Offices of Work Teams Set on Fire

In Shaanxi's Baoji areas, when peasants learned that work teams would come to launch "socialist education," one man rushed to the bank to withdraw all his money, dug a hole in his house, and buried the money in it; another took the surplus grain in his house to the city and sold it; another killed his large animals; another stopped moving into the new house he had built; another removed the incense burner and little altar from his house, and put on his door the couplet which read: "Obey the CPC; Follow the CPC."

The report pointed out that peasants fear the return of the "four clean-ups" movement, "cutting the tail of capitalism in rural areas," struggle meetings, and "people's communes and collectivization." In many places, peasants resisted work teams, and were mobilized and organized by village cadres and party members. In some places, the offices and houses of work teams have been set on fire. Demonstrations and petitions have also taken place in various localities.

Village Cadres Led Several Hundred Peasants to County Party Committees for Demonstrations

In Jiangxi, Hubei, and Hunan, there have been incidents in which several hundred peasants were led by village cadres to county party committees for sit-ins; they demanded the immediate withdrawal of the "socialist education" work teams, or else they would not work their fields or sell vegetables.

The report by the General Office of the State Council also admitted that some members of work teams did not have proper thinking, work style, and behavior, and that they were even rude to peasants, who then became antagonistic.

According to information, the CPC Central Committee has already decided that beginning in the spring of 1992, group by group, 500,000 persons will be transferred from party and government departments and the Army to rural areas to launch a "socialist education movement." At the same time, a number of college graduates who "have prospects for training" will be selected to join the "socialist education work teams." It has been alleged that this proposal was made by Li Peng and adopted by the CPC Central Committee.

Facts prove that gradual "liberalization" and "peaceful evolution" in the rural areas is an irresistible trend.

Official on World Copyright System Membership

HK3112061091 Beijing CHINA DAILY in English
 31 Dec 91 p 4

[By Xi Mi: "China Is Planning To Follow the World Copyright Practice"]

[Text] China will seek to join the world copyright system next year, if all goes well, says Gao Linghan, deputy director of National Copyright Administration (NCA).

Formal application was likely to be made for membership of the 1886 Berne Convention and the 1958 Universal Copyright Convention (UCC), he said.

The Copyright Law of the People's Republic of China was passed in September 1990 and came into effect on June 1, 1991.

"In principle, the new law is consistent with the two international copyright conventions," said Gao.

China had held extensive consultations with international organizations before and after the drafting of this law.

"In cases where articles of China's copyright law do not totally conform with the international conventions, China will abide by international conventions in international dealings."

In domestic cases, priority will be given to China's copyright law.

"China is also willing to amend its copyright law at a proper time. As a country bent on opening up to the outside world, China must respect international conventions.

"However, we have to take our time to consider the outcome of enforcing this law before taking action," Gao said.

After all, it had been only half a year since the law came into effect.

Recently the NCA sponsored a programme to train personnel applying the law.

China is also preparing to establish an organization to help domestic clients apply for foreign copyrights. It is believed that when China joins the two international conventions, there will be increased trading in copyright goods.

While striving to increase co-operation with international copyright organizations, NCA has not neglected the issues at home.

The NCA is drafting a set of regulations which will help resolve disputes arising from contracts between authors and publishing houses.

Writers and publishers are now asked to sign contracts setting out their rights and responsibilities before a work is published.

Writers can send their works to various publishers unless they are forbidden to do so in the contract.

Writers can also bargain with the publishing houses on their fees, which may be higher or lower than the standards set by the government.

According to the present government standards, when a work is published, its author receives a basic contribution fee, plus an additional 8 percent of the basic contribution fee for every impression of 10,000 copies.

Now NCA is considering whether to make new standards which will protect authors' rights and promote the publishing business.

According to Gao, consultations with people from financial, literary and art circles on payment scales are going on.

In China, other media can run a story that has been published in a newspaper or magazine when its copyright owner raises no objection and if they also pay the author. However, quite often the author's name and address is not known.

Recently, the National Copyright Society (NCS) has been entrusted with the responsibility for forwarding the money from the media to those authors whose names and addresses are unavailable.

Authors can also ask for their due payment through the NCS.

The NCA is also trying to help song writers to get paid more fairly. When songs are sung, the writers should receive a royalty payment. At present, song writers get their meagre returns only when their songs are run off the press.

NCA will be holding a programme to help give protection to all song writers nationwide in March.

By and large, the issue of the Copyright Law has surely increased authors' awareness of their rights, but according to Gao, it has not significantly increased the number of legal cases concerning copyright. Every year since 1985, these have totalled more than 100.

"Perhaps this should be credited to the close attention China has paid to the protection of copyright in the past decade," said Gao.

As far back as 1984, the Ministry of Culture issued the Provisional Regulations on Protecting the Copyrights of Books and Periodicals.

Jiang Examines Beijing Passenger Terminal Plan

OW2912143091 Beijing XINHUA Domestic Service
in Chinese 0934 GMT 29 Dec 91

[By reporter Pan Shantang (3972 0810 2768)]

[Text] Beijing, 29 December (XINHUA)—This morning, Jiang Zemin, general secretary of the CPC Central Committee, heard briefings on the plan for the Beijing West Railway Station passenger terminal. He pointed out the need to step up construction of the passenger terminal, as well as to ensure its quality. He said we should encourage people so that they will have more confidence in building socialism.

With the development of reform, opening, and other undertakings in Beijing, the Beijing station handles 400,000 passengers a day. The capacity as well as the function of the Beijing station can no longer cope with requirements; hence there is an urgent need for a new passenger terminal. As a major project in the capital, the construction of the passenger terminal was approved by the State Council and included in the Eighth Five-Year Plan. After a year of soliciting public opinions and repeated discussions, planning departments have now presented a plan out of the many excellent designs. The design of the new passenger terminal is geared toward practical functions. It stresses services for passengers. It provides a good electronic management system. The architectural design of the new passenger terminal has national features and matches the outlook of the capital. Executive Vice Mayor of Beijing Zhang Baifa and Railways Vice Minister Tu Yourui briefed Jiang Zemin on the implementation plan and on preparations for construction.

Comrade Jiang Zemin listened attentively to the briefings, carefully examined construction designs, and scale models, and raised some relevant questions.

Jiang Zemin said that the construction of the new passenger terminal, from the dismantling of buildings, equipment at and displacement of people from the building site, to the completion of the terminal, involves a lot of management; hence, the task will be very arduous. He called for doing a good job in preconstruction preparatory work. He said it is necessary to make management catch up with the progress of the project. He said the construction of the new passenger terminal should be based on actual needs. He pointed out the need to provide room for future development of the passenger terminal. He also called for providing good electronic equipment for the new passenger terminal. Finally, he called for stepping up the pace of the construction without sacrificing construction quality.

Zou Jiahua, vice premier of the State Council, also examined the construction plan. He noted the new passenger terminal will provide more conveniences to passengers.

In his briefing, Beijing Mayor Chen Xitong said that central leaders have always shown concern for construction in the capital. He noted that Beijing has always submitted major construction projects to central leaders for examination. Today, Comrade Jiang Zemin has examined the plan of the passenger terminal. Planning, design, and construction departments should do a good job in building the passenger terminal according to central leaders' instructions.

Construction Minister Hou Jie and others were also present at the briefings.

Song Ping Praises Civilian-Run Art Center

OW2412143491 Beijing XINHUA Domestic Service in Chinese 1005 GMT 24 Dec 91

[Text] Beijing, 24 December (XINHUA)—As snowflakes danced in the morning air of 22 December, Song Ping, Standing Committee member of the CPC Central Committee Political Bureau, inspected our country's first large civilian-run art center—the Yanhuang Art Center—accompanied by Beijing Municipal Vice Mayor Huang Chao.

After listening to briefings given by Director Huang Zhou on the construction of the art center, Comrade Song Ping viewed representative works by 15 famous contemporary artists including Huang Zhou, Wu Zuoren, Li Keran, Li Kuchan, Jiang Zhaohe, Dong Shouping, Wang Xuetao, Liu Jiyou, Ya Ming, and Bai Xueshi, and works by the master Ren Bonian dating from the late Qing Dynasty.

Comrade Song Ping praised the art center for its characteristic building, excellent design, good arrangement of art works exhibited, and high standards. He said that the exhibition of precious works of art is of significance to future generations. He also said to Huang Zhou: At present, the state is unable to come up with large sums of money to build museums and art centers. You have carried out a deed of significant importance by building this art center. All sectors of society should give their support to the development of the Yanhuang Art Center in the future.

Role, Participation of Democratic Parties Viewed

OW2612122991 Beijing XINHUA Domestic Service in Chinese 0647 GMT 24 Dec 91

[Text] Beijing, 24 Dec (XINHUA)—In recent years, the central committees of all the democratic parties and the All-China Federation of Industry and Commerce have actively discussed and participated in government and political affairs. They have made a good number of valuable suggestions on the economic construction of our country. The leading comrades of the CPC Central Committee and the State Council attached great importance to them and wrote several instructions to the departments concerned, urging them to study these suggestions in earnest. The relevant departments of the State Council conscientiously followed the instructions and adopted the opinions contained in these suggestions while carrying out their work.

In June this year, Fei Xiaotong, chairman of the Central Committee of the China Democratic League, went to Liangshan Yi Autonomous Prefecture in Sichuan and Panzhihua City to conduct a survey and a study, and submitted the "Tentative Plan for Establishing the Panxi Development Zone [a development zone west of Panzhihua City] and Rebuilding a Silk Road in South China to Promote Development of the Vast Expanse of Southwest China" to Comrade Jiang Zemin, general secretary of the

CPC Central Committee. The central point of the "Tentative Plan" is to establish the Panxi Development Zone through cooperation between Liangshan Prefecture and Panzhiya City; to rebuild a silk road in south China which will start from Chengdu, Sichuan, stretch to Baoshan and Dehong, Yunnan, via the area west of Panzhiya City, and provide an exit out of China from Baoshan and Dehong; and, thereby, lay a foundation for industrialization and modernization of the vast expanse of southwest China. After reading it, General Secretary Jiang Zemin wrote an instruction to the relevant departments of the State Council, urging the comrades there to study it in earnest. The General Office of the State Council and the departments concerned studied the "Tentative Plan" in earnest and sent a letter of reply to the Central Committee of the China Democratic League on 4 November. The reply letter noted: Chairman Fei put forward his tentative plan after he had gone deep into the realities of life, conducted a comprehensive survey, and systematically absorbed a large amount of information. It provides important reference not only for the study and readjustment of the economic distribution in southwest China but also for drawing up the program for social and national economic development in the future. The letter also offered explanations on the issues of establishing the Panxi Development Zone, rebuilding a silk road in south China, and so forth; provided answers to the issues; and noted that the state will further consider and adopt Chairman Fei's opinions while making arrangements for the "Eighth Five-Year" Plan and the 10-Year Program, and in the process of their implementation.

In October 1990, the Central Committee of the China Democratic National Construction Association submitted its "Suggestions on Certain Problems Existing in Circulation of Commodities at Present" to the CPC Central Committee and the State Council. The document analyzed and made specific suggestions on how to handle the relationship between the main channel and multiple channels correctly; how to gradually promote development of the market and improve its management; and how to stimulate circulation, promote sales, and ease the market slump. To handle the suggestions, the General Office of the State Council invited the responsible comrades of the departments concerned to study them in earnest. They unanimously maintained that the problems pointed out by the "Suggestions" are those that badly need solution in the current work of stimulating circulation of commodities, and that the few specific suggestions are also very good. After holding a meeting to study the suggestions, the General Office of the State Council sent a letter of reply to the Central Committee of the China Democratic National Construction Association, providing detailed answers to the suggestions it had made.

At the end of last year, after having conducted a survey and study, the Central Committee of the China Association for Promoting Democracy submitted its "Proposals on Developing Vocational and Technical Secondary

Education," which presented constructive views aimed at addressing problems existing in vocational education at present, to the Secretariat of the CPC Central Committee. The CPC Central Committee transmitted the "proposals" to the State Education Commission for its earnest study in good time. The State Education Commission adopted these proposals in a relevant document it drafted and gave them a fully positive assessment in its reply letter to the Central Committee of the China Association for Promoting Democracy. The General Office of the CPC Central Committee sent a reply letter to the Central Committee of the China Association for Promoting Democracy in April this year, expressing appreciation for their concern and support for vocational and technical education in our country.

At the Fourth Session of the Seventh National Committee of the Chinese People's Political Consultative Conference held this year, the Central Committee of the Jiusan Society made a motion "Suggesting the State Increase Funds for Natural Science." It very quickly caught the attention of the relevant department which decided to appropriately increase funds to support the work of basic scientific research. The State Science and Technology Commission also dispatched its personnel to call on the Central Committee of the Jiusan Society for the special purpose of giving an answer in earnest to the motion. The CPC Central Committee and the State Council also received suggestions made by the Central Committee of the Revolutionary Committee of the Chinese Kuomintang on construction in areas afflicted by natural disasters; suggestions made by the Central Committee of the China Zhi Gong Dang on promoting border trade and sponsoring lessons on service, quality, and management by television; suggestions made by the Central Committee of the Chinese Peasants' and Workers' Democratic Party on training teachers for institutions of higher learning; and suggestions made by the All-China Federation of Industry and Commerce on tightening control over tax revenues. The State Council and the departments concerned attached importance to these suggestions, studied them in earnest, adopted some of them, and gave answers and explanations to those which had not been adopted.

Democratic Party Helps With Charges, Appeals

OW0201064092 Beijing XINHUA in English
0617 GMT 2 Jan 92

[Text] Beijing, January 2 (XINHUA)—In the past year, China's Democratic Party members have helped citizens deal with more than 600 charges, appeals and accusations since they were invited as special procurators by the Supreme People's Procuratorate.

According to the overseas edition of the "PEOPLE'S DAILY" [RENMIN RIBAO], 18 invited procurators were arranged in seven divisions of the Supreme People's Procuratorate in accordance with their requirements and expertise.

The procuratorate provides liaison offices, responsible cadres and expenses for the invited procurators.

Chen Zuren and Wang Wangqiu, both members of the China Democratic League and deputy professors of economics, went to the Zhujiang delta in southern coastal China with the anti-corruption and bribery procuratorate and put forward farsighted viewpoints on how to prevent and crack down on embezzlement and bribery there.

Their work was highly considered by the procuratorates.

At present China has a total of 458 invited procurators.

1991 Termed 'Good Year' for Minorities

OW2912084791 Beijing XINHUA in English
0717 GMT 29 Dec 91

[Text] Beijing, December 29 (XINHUA)—Economic progress, cultural prosperity, national unity and local festivities combined to make 1991 a specially good year for China's minority nationalities.

The spring of the year was unveiled with celebrations of the 40th anniversary of the peaceful liberation of the Tibet Autonomous Region.

The celebrations, which lasted until June, drew attention from all over the world. Congratulatory messages and telegrams poured into the "roof of the world." The central government sent a special delegation for the occasion.

Raidi, a former poor herdsman and now a Communist Party cadre of the autonomous region, expressed his view on behalf of all the Tibetan people that "socialism is the road Tibet must follow on its way to social development, ethnic progress and economic prosperity."

In summer and autumn, the golden seasons in minority areas, witnessed numerous local festivities. [sentence as received]

The Inner Mongolia Autonomous Region held its traditional "nadam" fair. The Ningxia Hui Autonomous Region staged an international "Yellow River" festival. Turpan in the Xinjiang Uygur Autonomous Region launched its second grape festival and Beijing sponsored a cultural fair of all the nationalities in China. All these events attracted thousands of visitors from both inside and outside China.

Winter saw the opening of the the fourth national minority sports meet in Nanning, capital of southern China's Guangxi Zhuang Autonomous Region.

In the economic field also much new progress was celebrated.

Xinjiang, China's largest autonomous region, exported commodities worth 310 million yuan in the first 11 months of the year.

During the "nadam" fair and the national minority sports meet, the trade volume transacted between local and overseas business people reached five billion yuan-worth, and agreements on over 140 projects involving over 570 million yuan of both domestic and overseas investment were signed.

Also in Xinjiang, 200,000 oil workers joined a large-scale campaign to tap the rich verified oil reserves of the vast region.

Showcase Beijing Nationalities Palace Profiled

OW2512015091 Beijing XINHUA in English
0128 GMT 25 Dec 91

[Text] Beijing, December 25 (XINHUA)—The Beijing Nationalities Palace might be the best place for Beijing residents to know China's 55 minority nationalities, which puts on an exhibition about the life of the nationalities almost every month.

Since it was established in 1959, the palace has set as its target the introduction of histories and customs of the nationalities, the nationality policies of the Communist Party and the state, and propagation of patriotism and national unification among the nationalities.

The palace administration spends 300,000 yuan a year on exhibitions about the nationalities. Now more than 10 exhibitions about nationalities are put on here every year.

The exhibitions reach almost every field of the economic, cultural and social life of the nationalities. The exhibits come from the nationality-inhabited areas, most of which are in China's remote areas. Among them are the exhibition of the traditional cultures of China's nationalities and the display of Tibet's social and historical documents, which have been on for years.

The exhibition of the traditional cultures of China's nationalities introduces their origin, occupational traditions, social and economic life, cultural customs and their contribution to the making of China.

The display of the social and historical documents of Tibet shows that from the Yuan Dynasty (1271-1368) Tibet has been an administrative region of China. It also displays an old Tibet dominated by serfdom.

The Beijing Nationalities Palace also selects promising young people from nationality-inhabited areas to come to Beijing to study the party's nationality policy and professional knowledge.

After two years of study in the palace most of the young people become either local party and administrative cadres or cultural and working backbones.

Death of 'Veteran' Tibetan Lama in Lhasa Noted

OW2512182091 Beijing XINHUA in English
1537 GMT 25 Dec 91

[Text] Lhasa, December 25 (XINHUA)—Lhunzhub Tabkai, a veteran lama and famous patriot in Tibet passed away on December 24 in Lhasa because of illness.

The 85 year-old lama was the acting president of the Tibetan branch of the Chinese Buddhist Association and vice chairman of the Standing Committee of the Tibetan Autonomous Regional People's Congress.

Economic & Agricultural

Tian Jiyun Urges SEZ's To Raise Efficiency

OW2312101091 Beijing XINHUA in English
0953 GMT 23 Dec 91

[Text] Beijing, December 23 (XINHUA)—Chinese Vice-Premier Tian Jiyun urged special economic zones (SEZ) to shift their work stress to raising economic efficiency, the "PEOPLE'S DAILY" reported today.

At a two-day forum held in Xiamen City last week, the vice premier pointed out that in guiding ideology, SEZ should adjust their industrial and product structures, strengthen macro-regulation and guidance over invested projects and try more efficient projects.

While being more bold in developing international economic exchanges with the outside world, SEZ should also do better in invigorating state-owned, large- and medium-sized enterprises, said the premier.

At the same time, SEZ should continue to deepen reform and probe into problems concerning economic restructuring so as to meet the needs for developing an export-oriented economy.

The vice premier stressed that in the construction of SEZ, the construction of a socialist culture should also be strengthened to ensure the SEZ to develop in a healthy direction.

According to the newspaper, the total output value of the five special economic zones of Shenzhen, Zhuhai, Shantou, Xiamen and Hainan is expected to reach 48 billion yuan this year, doubling the annual value before the austerity program that started in 1989; and the export volume of the five SEZ will surpass 6 billion U.S. dollars, accounting for one-ninth of the country's total.

Urges Improved Profits

OW2812150991 Beijing XINHUA in English
1444 GMT 28 Dec 91

[Text] Xiamen, December 28 (XINHUA)—China's Vice-Premier Tian Jiyun has urged the Special Economic Zones (SEZ) to give priority to improvement of profits.

At a National Working Meeting on Special Economic Zones held on December 20-21 in Xiamen, Fujian Province, Tian said that the SEZs should combine development speed with profits, make efforts to readjust industrial and product structure, and set up projects with advanced technologies and high efficiency.

Tian also stressed the importance of the opening the international markets and expanding foreign trade, the attraction of foreign funds and technology and development of international trade relations, adding this should be developed aiming at high and new technologies.

Tian said that the large and medium-sized state-owned enterprises should take the lead in the transformation of the enterprise management mechanism. The SEZs should continue to deepen the reform and adapt to the demands of the export-oriented economy.

According to informed sources, with the improvement of investment environment, all the SEZs have attracted more foreign investments in high-tech fields while the foreign-funded enterprises in the SEZs have achieved remarkable economic returns.

At the two-day meeting, representatives from the five special economic zones—Shenzhen, Zhuhai, Shantou, Xiamen and Hainan—shared and summed up their development experiences over the past few years.

Leading officials from Guangdong, Fujian and Hainan Provinces, and from ministries and commissions affiliated to the State Council also attended the meeting.

Vice Premier Zou Jiahua Discusses Price Reform

OW2712091591 Beijing XINHUA Domestic Service
in Chinese 1255 GMT 26 Dec 91

[Text] Beijing, 26 Dec (XINHUA)—While attending a national commodity price conference yesterday, Vice Premier Zou Jiahua said: Under the correct guidance of the party Central Committee and the State Council, substantial and major progress has been achieved in price reform in the course of combining economic planning and market regulation. Led by party committees and governments at all levels, the commodity departments have done enormous work in reforming the pricing system and made important contributions to promoting economic development and social stability. On behalf of the State Council, he extended sincere gratitude and cordial greetings to all comrades working studiously on the commodity front.

Zou Jiahua said: Next year, efforts should be made to continue to stabilize commodity prices, implement the responsibility system for controlling the target of prices in general, effectively carry out the "vegetable basket" project for keeping nonstaple food prices basically stable, strictly control increases in service charges, and strive to stabilize the prices of agricultural production means. Efforts should also be made to control strictly the prices of the masses' basic daily necessities and make careful

readjustments when necessary. Meanwhile, it is also necessary to actively and yet prudently advance price reform, and to reinforce and improve regulation and supervision over prices. He also exhorted cadres of the commodity price departments to keep constantly abreast of the development of the situation and broaden their vision of the work, to make still greater contributions to promoting price reform and comprehensively fulfilling the pricing tasks entrusted by the party Central Committee and the State Council.

Zou Jiahua emphasized: Pricing is one of the major economic levers for the state to regulate economic operations and optimize the disposition of resources. As the reform progresses, the socialist planned commodity economy will become more developed, and the position and role of prices more important. Pricing work can only be strengthened, never weakened. Governments at all levels should exercise greater and better leadership over the work of commodity prices. No quick results should be sought in price reform because it needs to go through a certain process. Laissez-faire price levels should be based on subjective and objective conditions, and be carried out in a guided, planned, and systematic manner to ensure that there is a limit, order, and supervision in pricing. We should absolutely not adopt a hands-off attitude and let prices drift. It is necessary to formulate relevant laws and statutes to standardize pricing of various sectors for facilitating reform and opening, revitalizing the economy, and preserving economic and social stability.

Writes Inscription for New Journal

*OW2112055791 Beijing XINHUA Domestic Service
in Chinese 1317 GMT 18 Dec 91*

[Text] Haikou, 18 Dec (XINHUA)—Hainan Province's first large journal featuring economic news and theories—**INVESTMENT AND COOPERATION**—was published recently. Zou Jiahua, vice premier of the State Council, wrote an inscription for the journal on the occasion of its publication, which reads "Persist in reform and opening to the outside world; develop Hainan's economy."

With the blessing of the State Press and Publications Administration, the journal will proceed from Hainan's actual conditions, report on events of intense and immediate interest regarding economic reform and opening, explore new issues concerning the reform and opening to the outside world in coastal areas of the special economic zone or the whole country, disseminate investment and cooperation information, and help accelerate reform and opening in the Hainan Special Economic Zone.

The journal is run by the Economic Cooperation Department of the Hainan provincial government, with Bao Keming, vice executive governor of Hainan Province, as honorary director. The journal will be put on sale across the country and overseas early next year.

Marks Opening of Work on Rail Line

*OW2012154791 Beijing XINHUA Domestic Service
in Chinese 1317 GMT 19 Dec 91*

[By reporter Ma Tianze (7456 1131 3419)]

[Text] Kunming, 19 Dec (XINHUA)—The western section of the Nanning-Kunming railway commenced work today when Vice Premier Zou Jiahua cut the ribbon, signifying full implementation of the project.

The Nanning-Kunming railway, the state's first-class railway, started construction of its eastern section on 14 December 1990. This railway, starting from Guangxi's Nanning on the eastern end, reaching Kunming in the west, linking Guizhou Province's Hongguo Station in the north, and penetrating the Yunnan-Guizhou Plateau and the mountainous areas of western Guangxi, is an important passageway linking southwestern China and its southern coastal areas. The new construction consists of a 863-km main line, key intersections in Nanning and Kunming, and electrification of the entire line, with an estimated annual transportation capacity between 20 and 30 million tonnes. This is the first time China is constructing a single-track railway with such a large transport capacity, and it is carrying out the entire electrified railway project all at once. With a total investment of 6.5 billion yuan, this is the largest one-time investment in China's single-track railway construction to date. Funded mainly by the Railway Ministry with supplementary contributions from Yunnan, Guangxi, and Guizhou Provinces, this railway, classified as the state's key construction project under the Eighth Five-Year Plan, is scheduled to be fully operational in 1998. Extra efforts will be made to hit the target ahead of time.

Speaking at the work-commencement ceremony today, Railway Minister Li Senmao said: As the construction of the Nanning-Kunming railway has to meet such challenges as dangerous and steep mountains and complicated topography along the entire route and a high ratio of bridges and strategic works, it is necessary for us to enhance quality, ensure safety, accelerate speed, and raise efficiency during the course of construction in a bid to push railway construction to a new level in the nineties.

Zhu Rongji Congratulates Petrochemical Workers

*OW2712105291 Beijing XINHUA Domestic Service
in Chinese 1302 GMT 25 Dec 91*

[By reporter Zhang Chaowen (1728 6389 2429) and RENMIN RIBAO reporter Wang Yantian (3769 1750 3944)]

[Text] Beijing, 25 Dec (XINHUA)—China's petrochemical industry has made great strides forward in the first year of the Eighth Five-Year Plan. The China National Petrochemical Corporation [CNPC] has set new records in its total profit and tax deliveries, industrial output

value, and the output of crude oil, finished oils, and major petrochemical products including ethylene, plastic, and synthetic rubber. On behalf of the State Council, Vice Premier Zhu Rongji warmly congratulated more than 800,000 petrochemical workers on their remarkable achievements today.

The vice premier praised CNPC for utilizing the conglomerate's advantages in achieving large-scale profit for China's petrochemical industry, calling it the state-owned large enterprise's major contribution to the state.

In a briefing at the ninth meeting of CNPC managers (directors) today, CNPC President Sheng Huaren said: Despite shortages of crude oil and strains on transportation at home, China's petrochemical industry has set new records in production and management in 1991. According to statistics, throughout the year, CNPC has made 72 billion yuan in the gross industrial output value and 78 billion yuan in the revenue from sales, growing by 8.2 and 22 percent respectively over last year. CNPC has also processed 111.043 million tonnes of crude oil. It has produced 54.828 million tonnes of gasoline, kerosene, diesel oil and lubrication oil; 1.65 million tonnes of ethylene; 1.45 million tonnes of plastic; 255,000 tonnes of synthetic rubber; 410,000 tonnes of synthetic fibre; 3.28 million tonnes of synthetic ammonia; and 5.1 million tonnes of urea. All these record figures have topped those of last year by a fairly big margin.

Especially praiseworthy is that the petrochemical industry's high output value and growth rate have been achieved on the basis of high efficiency. Exerting themselves to tap the potential of China's 100 million tonne petroleum resources, the petrochemical workers have gone all out to optimize the disposition of resources and utilize them rationally. They have increased the efficiency through tapping internal potential and boldly pushing the enterprise to the market, thereby scaling a new height in economic efficiency. Because the industry originally saw several billion yuan in increased expenditures and decreased revenues this year, people thought at the beginning of this year that it would be rather difficult to attain the goal of realizing 16.5 billion yuan or striving to realize 17 billion yuan in profit and tax delivery. In July, however, CNPC voluntarily offered to deliver 17.5 billion yuan and strive to deliver 18 billion yuan in profits and tax payments. Under the vigorous support and assiduous efforts of all sectors, CNPC has delivered a total of 18 billion yuan in profits and tax payments, thus becoming one of the large state enterprises with better economic efficiency.

Meanwhile, the petrochemical industry has made new advances in key construction projects, scientific and technological progress, and cooperation with foreign countries, with an annual foreign exchange earning exceeding \$1 billion. The industry has also built up its global influence through transferring new technologies to the United States and other countries and regions.

The meeting today was attended by more than 250 senior officials of the State Council departments concerned and principal leaders of the petrochemical enterprises throughout the country.

Attends Textile Meeting

*OW2712102191 Beijing XINHUA Domestic Service
in Chinese 1302 GMT 26 Dec 91*

[By reporter Sun Jie (1327 2638)]

[Text] Beijing, 26 Dec (XINHUA)—China will carry out massive technological renovation for its cotton textile industry. Wu Wenying, minister of textile industry, today said at the national conference on textile work that, during the "Eighth Five-Year Plan" period, one-third production equipment of China's cotton textile industry will be renovated.

It is learned that the output value of and foreign exchange earned through export by cotton textile industry, which is the pillar of China's textile industry, account for 40 and 22 percent of the entire textile industry respectively. However, for various reasons, nearly one-third of the 40 million spindles being used at present are old. Among the more than 860,000 weaving machines, more than 250,000 are old. Backward equipment and production levels have affected the quality of our country's textile products. At present, the added value [fu jia zhi 7096 0502 0237] of our country's textile products is only about half of that of developed countries' textile products. In light of this situation, Minister Wu Wenying pointed out that we should give priority to transforming the cotton textile industry and gradually carrying out complete renovation of export-oriented key enterprises.

It is learned that the Ministry of Textile Industry has considered the massive elimination of outmoded spindles as a major step in transforming the cotton textile industry. During 1992, cotton textile enterprises throughout the whole country will eliminate at least 1 million old spindles. During the "Eighth Five-Year Plan" period, 10 million spindles will be eliminated, renovated, or rebuilt. Of these, the 3 million spindles used before the national liberation will be forced to retire in three years' time.

Zhu Rongji, vice premier of the State Council, attended and spoke at today's meeting.

Textile Industry Minister Marks Improvements

*OW2812142191 Beijing XINHUA in English
1302 GMT 28 Dec 91*

[Text] Beijing, December 28 (XINHUA)—China's textile industry is picking as stockpiles are reduced, Wu Wenying, China's minister of textile industry said here today [sentences as received].

China has also decreased production of cotton yarns to 25 million pieces this year to suit the market demand. It

will cut down by another two million pieces next year, Wu said at a national meeting on textile industry.

Meanwhile, sales of major textile products in domestic markets rose over last year, she said. For example, cotton cloth rose by four per cent.

Moreover, this year China is expected to earn more foreign currency from textile exports owing to improved quality.

Wu pointed out that the efficiency of textile enterprises has been improved during the second half of the year.

"All these enable the textile industry to continue to turn for the better next year," said Wu. "And we have decided to abolish one million out-dated spindles and import advanced technology to equip our factories."

According to Wu, China will invest 12 billion yuan for technological transformation in 1992 and has mapped out a three-year plan for importing technology.

Notes \$1.2 Billion for Renovation

HK2712105991 Beijing CHINA DAILY in English
27 Dec 91 p 2

[By staff reporter Yuan Zhou: "Textile Sector To Be Transformed"]

[Text] Textile Minister Wu Wenying said yesterday that the central government would invest hefty funds next year in the technological renovation of textile industry.

Speaking to a meeting of provincial and city textile chiefs in Beijing, Wu said that 6.798 billion yuan (\$1.2 billion) has been earmarked for 473 technological projects in 1992.

Wu urged the local officials to complete the approval procedures for a further 187 projects "as soon as possible."

"Enough funds will be provided for those projects currently under construction which may go into operation in the same year," she said.

The textile industry has decided to upgrade its archaic spinning machinery next year, as part of a move to revitalize mills plagued by poor economic performance.

The government has ordered that 1 million obsolete spindles be dismantled next year in 14 provinces and municipalities to make way for automatic and more advanced machinery.

China has more than 30 million cotton spindles, a quarter of which should be replaced. In addition, 200,000 of the 800,000 looms in the country should be taken out of use.

"We plan to take administrative action to eliminate in three years 3 million spindles that were made before 1949," Wu said.

Wu said that the State Council has set up a leading group concerned with "major technologies and equipment" in China while a similar office has been formed in her own ministry.

Though she gave little detail, Wu said the State has made "special favourable policies" towards textile technological renovation and the industry must take advantage of this "good opportunity."

Wu said that in drawing foreign investment, a joint venture would be formed on the model of the Sino-German Shanghai Santana automotive project in Shanghai.

"The process of selection, approval and signing contracts will take no more than three months," she promised.

Wu said the technical renovation drive will concentrate on projects producing finished products for export.

From January to November, \$14.23 billion worth of Chinese textile exports were registered, 20.3 percent higher than the same period last year.

The garment exports totalled \$7.6 billion, 30.2 percent up on the previous 11-month period.

Wu expects the Chinese textile exports may top \$15 billion by the end of this year.

As the country's major foreign exchange earner, the industry aims to increase export value to \$17.5 billion by the end of 1995.

Ministry officials said the technological renovation will take place mainly in 145 State-owned factories for cotton, wool, silk, garments, chemical fibre products and fabric for interior decoration.

These firms are expected to form a national team to catch up with international standards, official said.

Vice-premier Zhu Rongji recently gave a boost to the textile industry when he said it should become one of China's most important economic sectors.

Chen Junsheng Addresses Meeting on Rural Zones

OW2812061691 Beijing XINHUA Domestic Service
in Chinese 1019 GMT 27 Dec 91

[By RENMIN RIBAO reporter Xia Jun (1115 8823) and XINHUA reporter Ji Bin (1213 2430)]

[Text] Beijing, 27 December (XINHUA)—State Councillor Chen Junsheng urged 21 rural reform experimental zones across the country to observe earnestly the principle set in the decision of the Eighth Plenary Session of the 13th CPC Central Committee that calls for "continued efforts to run rural reform experimental zones effectively to provide useful information against which further reform policies can be made." Centering around the general goals and tasks of future agricultural and rural work outlined in the decision, they were also urged

to continue to conduct experiments to tackle major problems encountered in rural reform that demand immediate solutions, and make fresh contributions to the effort to deepen rural reform.

Speaking at the Seventh National Working Conference of Rural Reform Experimental Zones, which concluded today, Chen Junsheng said: Over the past five years, various rural reform experimental zones—set up with the blessing of the State Council—have unremittingly conducted reform experiments with a brave spirit of exploration and originality. Consequently, they have made many achievements and have gathered a wealth of good experience. Their efforts have met the demands of the party Central Committee and the State Council and should be fully affirmed.

Commenting on the future work of the experimental zones, Chen Junsheng said that the State Council had decided to put the Ministry of Agriculture in charge of the project, and called for further enhancing leadership over experimental zones. He said: Provinces concerned not only have working responsibility but also leadership responsibility over experimental zones within their jurisdiction. Various central and local departments must continue to care and support this project.

Chen Junsheng emphasized: Reform experiments are different from routine rural work. They also differ from reforms that are being conducted on a large scale. Reform experiments are pioneering and exploratory by their nature. To facilitate their exploration and experimentation, the central authorities have long made a clear rule of allowing experimental zones to act outside some current policies and systems. He added: Without exploration, breaking away from the status quo, and pioneering experiments, rural reform experimental zones would not function as desired. In the future, these experimental zones will still be allowed to break some current policies and systems in their reform experiments. Of course, approval has to be sought for experiments that may require a breakaway from major policies. In addition, he asked experimental zones to sum up immediately the experiences learned through practice and strengthen their study of theories, policies, laws, and regulations. He also asked them to integrate closely their experiments with the effort to tackle problems arising from agricultural and rural work that require immediate resolution, noting that the vitality of reform experiments comes from close integration with reality.

The five-day conference was sponsored by the Ministry of Agriculture with the approval of the State Council. Responsible comrades from the 21 experimental zones and pertinent central departments exchanged experiences and summed up their work of the past five years. In addition, the conference also made plans for future experiments.

Hu Ping Elected To Head New Culture Society

OW2712112291 Beijing XINHUA in English
0957 GMT 27 Dec 91

[Text] Beijing, December 27 (XINHUA)—The China Commercial Culture Society was set up here today.

Minister of Commerce Hu Ping was elected president of the society.

The society will engage in studies on the operational mechanism and the business, service and management system of commerce in China on the basis of the country's basic conditions. The studies will be aimed at promoting the reform and development of commerce. It will also organize activities to exchange research results in this field among domestic and overseas scholars.

More than 100 well-known persons from economic and cultural circles throughout the country attended the inauguration ceremony today.

Banker Promises Loans To Renovate State Firms

HK2812063091 Beijing CHINA DAILY in English
28 Dec 91 p 2

[By staff reporter: "Loans Will Salvage State-Run Industries"]

[Text] A top Chinese banker has promised that more loans will go to the technical renovation of industrial enterprises in 1992 to rescue those State-run industries struggling to make a profit.

Next year's bank credit for various technical renovation projects is planned at 43.6 billion yuan (\$8.15 billion), an increase of 7.6 billion yuan (\$1.42 billion) over 1991, said Zhou Zhengqing, deputy governor of the People's Bank of China, the country's central bank.

The central government seems intent on speeding up technical progress in industrial enterprises next year as outdated technology and obsolete equipment have been partly to blame for the persistent low efficiency affecting the Chinese economy.

Zhou said that while the central bank will set aside 5.5 billion yuan (\$1.05 billion) to support research and development for technical renovation projects, the various banks should give preferential rates on loans to enterprises to import advanced foreign technology and equipment.

He said large and medium-sized State-run enterprises will get top priority for loans.

To date, outstanding bank loans for technical renovation projects have mounted to 116.4 billion yuan (\$21.76 billion).

Zhou said that from 1986, as part of the government credit policy, banks had started to increase loans on technical renovation.

The massive input of such loans has greatly helped restructure industries and adjust the industrial mix.

During the last Five-Year Plan period (1986-90), the banks shifted credit focus to the development of infrastructure, key industries at a low level of development, and large and mid-size industrial enterprises.

During the past five years, loans for industries such as energy, communications and raw materials have reached 51 billion yuan (\$9.53 billion), of which over 20 billion yuan (\$3.74 billion) was used to purchase automobiles, ships, and airplanes to relieve the transportation links.

Meanwhile, the Industrial and Commercial Bank, and the People's Construction Bank of China, extended a credit of 68 billion yuan (\$12.7 billion) for technical renovation projects in large and mid-size industrial enterprises.

Zhou said these steps had increased the production capacity, technical level, and market competitiveness of those enterprises.

The Industrial and Commercial Bank, the country's largest credit source for industrial production, also give priority to research and development.

By the end of 1990, 9.6 billion yuan (\$1.79 billion) had been used to finance 26,000 research and development.

Of the total, 23,000 projects have started production, generating 26.2 billion yuan (\$4.89 billion) in new output value, 4.64 billion yuan (\$867.2 million) in pre-tax profits, and \$2.05 billion in hard currency.

The Bank of China, the country's largest foreign exchange bank, provided over 3 billion yuan to support technical renovation of more than 4,000 export-oriented enterprises in the past five years.

State Bank Helps Foreign-Funded Enterprises

*OW2712063391 Beijing XINHUA in English
0259 GMT 27 Dec 91*

[Text] Beijing, December 27 (XINHUA)—The Beijing branch of Bank of China has doubled its efforts to help an increasing number of enterprises involving overseas investment established in Beijing.

In the first 11 months of this year, a total of 524 such enterprises got approval to set up in Beijing, and the number of those already in operation reached 527.

In order to facilitate these businesses, the bank provided loans worth 859 million yuan of renminbi and 57.76 million U.S. dollars in the first 11 months.

Since funds are limited, the bank worked out a policy to give loan priority to production and technical enterprises and export-oriented firms. Of the 196 enterprises which got loans from the bank, 174 are productive in nature.

The bank injected 103 million yuan of loans to the Beijing Jeep Co. Ltd, a Sino-U.S. company, thus ensuring its smooth production. The firm is expected to turn out 42,000 various vehicles this year.

It provided guarantee to the Beijing Xinwei Textile Co. Ltd. and the Jinghua Textile Co. Ltd. in their borrowing of international commercial loans, as well as loan transfer and consultancy services. The export value of the two firms reached 10 million U.S. dollars respectively in the first 11 months.

The export value of over 10 of the enterprises using loans from the bank each exceeded a million U.S. dollars.

It also offers a variety of services including cash and letter of credit mortgage, consortium loans, buyer's credit, government loan and mixed loan.

It raised 55 million U.S. dollars of consortium loan for the Dongfang Art Building and the Asian and Pacific Building this year.

State Council Bulletin on Reducing Stockpiles

*OW2712095091 Beijing XINHUA Domestic Service
in Chinese 0918 GMT 25 Dec 91*

[Text] Beijing, 25 December, (XINHUA)—A bulletin issued today by the State Council Production Office stated that as a result of earnest implementation of the State Council's relevant plans on curbing production and reducing stockpiles by industrial departments and enterprises in all localities and the enhanced strength of the measures taken, work of curbing production and reducing stockpiles was stepped up significantly during November, efforts to reduce finished product fund and the three-type fund have also achieved good results.

At the end of November, the finished product fund of the 40,000 state-run industrial production enterprises which maintain accounts with the Industrial and Commerce Bank of China was 124.439 billion yuan, down 7.356 billion yuan from that at the end of October, 8.28 billion yuan from that at the end of June; the three-type fund (finished product fund, consigned goods, receivables, and advance payments for materials) [as received] was reduced by 10.155 billion yuan from that of last month and began to drop below the level that existed at the end of June.

Among the 43 provinces, autonomous regions, municipalities, and cities with provincial level economic decisionmaking authority, the portion of the finished product fund of 38 provinces, regions, and cities at the end of November not only was lower than that of the previous month but also dropped below the level that existed at the end of June; 88.4 percent of the 43 provinces, regions, and cities have achieved a reduction in stockpiles. Provinces and cities with heavy stockpile reduction missions, such as Henan, Hebei, Liaoning, Jiangsu, Tianjin, Shanghai, Shandong, Hunan, Shenyang, and Harbin, have all reduced their finished

product fund by at least 300 million yuan from that of end of June. After several months of hard work, Fujian, Guangxi, Dalian, Ningbo, Qingdao, Xian, and Xiamen have reduced stockpiles to a level below that at the beginning of the year. Guangdong Province, Guangzhou, and Changchun continued to maintain finished product funds at a level below that at the end of last year. However, finished product funds for Gansu, Sichuan, Yunnan, Shenzhen, and Inner Mongolia remained above the level that it was at the end of June.

The aforementioned situation indicates that although the difficulty in curbing production and reducing stockpiles is great, the majority of the regions still managed to achieve greater results within a shorter time frame. As long as leadership at all levels cooperates and earnestly carries out work in a practical manner, all difficulties can be overcome. The State Council Production Office calls on all localities and departments not to go slow on curbing production and reducing stockpiles in the New Year. They should continue to organize production according to demand, maintain the strength of curbing production and reducing stockpiles, strictly prevent the occurrence of new stock accumulation, and at the same time prevent the transfer of finished product funds and strictly prohibit all forms of manipulation. They should make full use of the New Year and the Spring Festival seasons to work with enterprises to make preparation for next year's production, and take the opportunity to develop the market and do a good job in increasing the sales and production of fast moving products.

Beijing Insurance for Foreign Service Increases

OW2512040591 Beijing XINHUA in English
0353 GMT 25 Dec 91

[Text] Beijing, December 25 (XINHUA)—Beijing's insurance for foreign service has recorded a fourth rising year, with a total insurance income hitting 25.80 million U.S. dollars by the end of november.

Financial analysts here said this increase of 10 percent over the same period of last year was brought upon by Beijing's further opening policy, which is indicated by major foreign economic indexes.

By the end of this November Beijing had approved another 500 joint-funded or wholly foreign-funded enterprises and received more than 1.2 million foreign tourists; foreign export has reached 1.2 billion U.S. dollars and other business concerning foreign investment and technology have increased too.

The Beijing Insurance Company has diversified its insurance items from only property insurance in the early 1980s to more than 60 at present, such as foreign export transport insurance, employees' loyalty insurance, aviation insurance and foreign tourists insurance.

In addition, the company has established more than 130 business agencies around the city. It has also hired more than 300 agents in nearly 100 countries and regions.

First Trade Fair for Foreign-Funded Firms Set

OW2812104991 Beijing XINHUA in English
0920 GMT 28 Dec 91

[Text] Xiamen, December 28 (XINHUA)—The first China export commodity trade fair for foreign-funded enterprises is to be held from January 8 to 15 next year, and preparations have basically been finished.

The fair is to be set in the Fushan International Exhibition Center of Xiamen City. 39 trade delegations and representatives of 967 enterprises from all over the country will attend the fair.

Major commodities to be exhibited include hardware, machinery, motor vehicles, electronic products, construction materials, communications equipment, light industrial products, textiles, silk, garments, chemical products, medicine, local and livestock products, foodstuffs, aquatic products and handicraft articles, more than 10,000 different products in all.

By now the fair has issued nearly 20,000 invitations to foreign businessmen and more than 5,000 to domestic businesses. More than 2,500 foreign businessmen from over 30 countries and regions have expressed their intention to join the fair.

In the past ten years foreign-funded enterprises have been developing very fast in China and now they have become an important part of China's economy. This year the state has ratified more than 40,000 foreign-funded enterprises.

The fair has been approved by the Ministry of Foreign Economic Relations and Trade. It will be jointly held by the China Association of Foreign-Funded Enterprises and Xiamen city people's government.

Government Exceeds Purchase Quota of Rapeseed

OW2812105191 Beijing XINHUA in English
0815 GMT 28 Dec 91

[Text] Beijing, December 28 (XINHUA)—China has exceeded its purchase quota of rapeseeds this year despite severe flooding and drought in many parts of the country.

Sources said that the country's total acreage of land sown to rape this year is larger than last year. Some provinces and municipalities such as Shanghai, Jiangxi and Hubei have produced more rapeseed this year while 12 other provinces' output of rapeseed is very near their all-time high figures reached last year.

First Seminar on Supervision Held in Shenzhen

OW2512025291 Beijing XINHUA in English
0241 GMT 25 Dec 91

[Text] Shenzhen, December 25 (XINHUA)—The first seminar on supervision in special economic zones was held here on Tuesday.

According to an official from the Ministry of Supervision, the goal of the seminar is to promote the development of supervision so as to ensure clean governments in China's five special economic zones.

According to the official, since their founding five years ago, supervision departments have played an important role in economic development and social progress in special economic zones.

He said from 1991 such kind of seminar will be held once a year in the special economic zones.

Tibet Agricultural Production 'Think Tank' Set

*HK2712105591 Beijing CHINA DAILY in English
27 Dec 91 p 1*

[By staff reporter Wang Rong: "Tibet 'Think Tank' Inaugurated"]

[Text] A "think tank" for a 10-year State project to develop agricultural production in Tibet was set up yesterday in Beijing.

The 18-member Expert Consultant Group is to engage in providing expertise, advice and consultations to the undergoing project in the valley at the middle and lower reaches of the Yarlung Zangbo River and its two tributaries, the Nyang and Lhasa rivers.

Sun Honglie, vice-chairman of the Chinese Academy of Sciences and a senior geologist who led the State study group in the 1950s and 1960s at the Qinghai-Tibet Plateau, is to chair the group.

According to the regional government, the experts are responsible mainly for evaluation of the strategy and general planning of the development, and major decisions on the technological side.

It is also their duty to put forward options and suggestions on goals, layout, structures and policies involved in the development.

Among other tasks, the experts, who are all celebrated scientists with acknowledged professional achievements, will help in promoting technological and economic exchanges with those who are interested at home and abroad, recommending qualified talent and introducing much-needed techniques.

The unprecedented project, with 1 billion yuan (\$189 million) in State investment, started early this year. It was designed to lead the way for Tibet's economic take-off.

The "One River, Two Tributaries Project" was designed to turn this richly-resourced but underdeveloped 167,500 hectares of farmland into a major agricultural, husbandry, vegetable, and light industries production base.

Agriculture, forestry, irrigation, water conservancy, transportation and energy projects are involved, with soil fertility improvement set to be the leading item.

Ngapoi Ngawang Jigme, vice-president of the Standing Committee of the National People's Congress, said Tibet should begin to introduce more technology and talented people to help its own development.

East Region

Zhao Zhihao Addresses Supervisory Work Conference

SK2712075991 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 26 Dec 91

[Text] The provincial government held a provincial supervisory work conference in Jinan on 24-26 December. The conference proposed that governments at all levels clearly understand the situation, recognize the status and role of supervisory work from the perspective of opposing peaceful evolution, fully display the functions of supervisory organs, and strive to serve economic construction in a better manner.

Zhao Zhihao, deputy secretary of the provincial party committee and governor, attended and addressed the conference. After fully affirming the achievements in our province's supervisory work, he pointed out: It is necessary to analyze the current situation correctly, conscientiously implement the guidelines of the central work conference and the eighth plenary session of the 13th Central Committee, and concentrate energy on pushing economic construction forward. Only by pushing economic construction forward and unceasingly improving the material and cultural life of the masses of people, can socialism have stronger appeal and the masses strengthen their confidence in following the party and building socialism with Chinese characteristics. This will make peaceful evolution lose its soil and conditions for existence. In this connection, party and government leaders at all levels must understand this soberly, fully recognize the importance of successfully carrying out economic work from the perspective of opposing peaceful evolution and of the rise and fall of socialism, firmly grasp economic construction as a central task, and continue the work with unswerving effort.

Zhao Zhihao called on party committees and governments at all levels to do a good job in improving party style and administrative honesty. He said: At present, special efforts should be made to attend to the struggle against corruption and to administrative honesty, combine the efforts of special organs with mass supervision, investigate and handle major cases, check unhealthy trends in various trades, pay attention to the system of making the management system and management results of government organs public and taking supervision from the masses, grasp the building of mechanisms of restraint, attend to comprehensive improvement, and resolutely eliminate all passive and corrupt phenomena. Recently, the General Offices of the Central Committee and the State Council issued a circular to reaffirm the relevant regulations on strictly forbidding party and government organs to use public funds for wining and dining and for gifts. The whole province from the higher to the lower levels should take action immediately and be determined to manage themselves and to supervise their subordinate units, to resolutely check the trend of using public funds for wining and dining, giving gifts,

and squandering so as to effect a fundamental improvement in this year's Spring Festival.

Zhao Zhihao stressed: Party committees and governments at all levels should realistically strengthen leadership over supervisory work, continue to deepen their understanding of supervisory functions, and comprehensively display their supervisory role.

Addressing the conference, Vice Governor Song Fatang said: Our province's priority of checking unhealthy trends in various trades next year is to make continued efforts to grasp four markets, including the public security, public health, power for agricultural uses, and agricultural capital goods markets, and to concentrate efforts on grasping the seven departments, such as the Grain, Commercial, Communications, Materials, Building, Taxation, Industrial, and Commercial Management Departments. At the same time, it is necessary to conduct education on administrative honesty, further enhance the ideology of honesty among cadres of government organs, and unceasingly push the work of checking unhealthy trends in various trades to a new level.

Shandong Officials Discuss 1992 Economic Tasks

SK2712061491 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 25 Dec 91

[Text] The provincial planning conference opened in Jinan on 25 December. Ma Shizhong, vice governor of the province, presided over the conference while Li Chunting, vice governor of the province, delivered a report on the 1992 economic and social development plan.

It was pointed out that in conducting economic work in 1992, the province will continuously implement the basic line of one center and two basic points, and place emphasis on readjusting the structure and increasing economic results. The general guiding ideology of the plan is to conduct reform and open to the outside world; to consolidate and develop the results achieved in improving the economic environment and rectifying economic order; to vigorously grasp structural readjustment and accelerate the pace in making technical progress in line with the demand of upgrading the quality of the national economy as a whole; and to wage a general battle to increase economic results to promote the sustained, stable, and harmonious development of the national economy.

It was pointed out at the conference that in 1992 the province will better fulfill the plan of economic and social development. In conducting agriculture, the province will base its work on collecting a bumper harvest by combating disasters; emphatically accelerate the construction of infrastructures; and place emphasis on accelerating the consolidation of main river courses along the valleys of the Huang He, the Huai He, and the Hai He; and on the reinforcement of large and medium-sized reservoirs. Meanwhile, a good job should be done in

establishing socialized service systems and particularly in building facilities for commodity circulation. Strenuous efforts should be made to develop the agricultural sectors with fine quality, low consumption, and high yields and benefits. In conducting industry, the province will promote structural readjustment in a down-to-earth manner, vigorously upgrade quality as a whole and increase economic results, and resolutely and continuously pay attention to the construction of basic industries and infrastructure. Meanwhile, in line with the principle of finally fostering the strong points of products, a good job should be done in further improving or renewing the light and textile industrial products and in upgrading their grade and level. Efforts should be made to accelerate the pace of turning out machinery, electrical, and instrument products in a unified manner; to maintain the production structure to be suitable to the demand structure by regarding markets as the leading orientation; to actively lead town-run industrial enterprises to successfully carry out structure readjustment; and to make greater efforts to grasp enterprise management well and to seek economic results from management. A good job should be done in vigorously boosting the state-run large and medium-sized enterprises by vigorously implementing policies and improving mechanisms. A focus should be placed on successfully conducting the pilot work of boosting the state-run large and medium-sized enterprises and on striving to make a greater breakthrough in broadening the self-determination right of enterprises, changing the operation mechanism, and upgrading enterprises' quality. Efforts should be made to resolutely have all policies be duly implemented and used in a proper field so as to gradually boost or enliven these enterprises; to actively carry out coordinated reform in the fields of personnel affairs, labor affairs, distribution, and managerial systems; to continuously enforce the double-guarantee system among the state-run large and medium-sized backbone enterprises; to gradually reduce mandatory plans and expand guided plans; to enhance sales and vigorously open or broaden markets; to adopt every possible means to curtail the overstock of finished products; to further change the strategies of production and business; and to open markets in both urban and rural areas throughout the country and in various countries in the world. We should also push forward the establishment of lateral economic associations to promote economic and technical exchanges and cooperation between different regions. Results achieved through association and cooperation, which have been proven good, should be preferentially listed in the plans of projects and efforts should be made to make arrangements for building these projects. Banks at all levels should give financial support to the construction of these projects.

Efforts should be made to further readjust the structure of investments and to realistically enhance management over investments in fixed assets. In conducting capital construction, we should ensure the construction of key projects, continuing projects, and projects that can be

put into production within the year. In 1992, the province will realistically do a good job in carrying out early-stages of building the 140,000-ton ethylene plant, the third-phase project of the power plant in Zouxian County, the second-phase project of the Dalu power plant, the Shandong fertilizer complex, and the pulp plant in Rizhao; and should strive to start the construction of these projects as soon as possible. Strenuous efforts should be made to promote the development of the export-oriented economy by regarding the expansion of foreign trade and exports as an emphasis. In 1992 the province will make efforts to catch up with or surpass the national average increase made in earning foreign exchanges through exports, and emphatically do a good job in conducting reform in the foreign trade systems at city-prefecture and county levels. Effective 1 January 1992, the financial relationship between the foreign trade enterprises at prefecture and county levels and the relevant provincial departments will be abolished and these enterprises will make direct contacts with the prefectural and county financial departments. The administrative organs in charge of economic and trade work at the city-prefecture level should carry out integration between economic and trade work. Supplies of goods and account settlement for exports should be directly carried out between productive units and trade enterprises. Efforts should be made to adopt every possible way and means to successfully increase financial revenues, curtail spending, and to utilize funds and loans satisfactorily and in a lively way. A good job should be done in emphatically grasping the revenue increase of key enterprises that have earned a large amount of profits and taxes and the work of encouraging the key money-losing enterprises to switch their losses to profits. Efforts should be made to accelerate the establishment of socialized service systems in urban areas, to promote the development of tertiary industry, to foster or improve the marketing systems, to accelerate the development of social service trades, to open more employment avenues, and to develop the tourist industry. We should also vigorously develop the undertakings of science, technology, and education; the cultural undertakings of journalism, publication, radio and television broadcasting, literature, and arts; and the undertakings of medicine, public health, and physical culture and sports. Efforts should be made to enhance family planning work to ensure the province's population growth at the end of this year will be under the figure fixed by the plan, to treasure the land resources, and to enhance environmental protection.

It was contended at the provincial planning conference that the tasks for developing the national economy and social undertakings in 1992 are very heavy. Therefore, efforts should be made to enhance the capabilities of readjustment and control by accelerating the pace in conducting reform so as to ensure smooth progress in fulfilling various tasks. A good job should be done continuously in integrating the central principles and policies with the province's actual situation, conducting

work in a creative way, and greeting the successful convocation of the 14th CPC Congress with still greater achievements.

Guiding Ideology, Goals Set for Foreign Trade

*SK2712142791 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 26 Dec 91*

[Text] At the provincial conference on foreign economic relations and trade, held in Jinan on 26 December, the guiding ideology for the province's foreign economic relations and trade next year was defined. It is: deepening reform; opening still wider to the outside world; readjusting structure; improving efficiency; making great efforts to expand exports and earn more foreign exchange; utilizing foreign capital energetically, steadily, and flexibly; and raising the work of foreign economic relations and trade to a new level.

Also at the conference, the major fighting goals were set for the province's foreign economic relations and trade next year. They are: effecting a 10-percent increase in the total export volume over this year's volume or effecting a 15-percent increase after deducting the export volume of petroleum, with the margin of increase higher than the average national level; calculated in a unified manner, raising the level of annual profits higher than this year's profits; increasing the volume of foreign capital utilization contracts to \$600 million; striving to top \$400 million in foreign exchange revenues from the joint ventures involving foreign investment; and reaching \$40 million in the business volume of the contracted projects and labor service abroad.

Guo Changcai, vice governor of the province, made a speech at the conference. He said: To ensure the fulfillment of next year's goals, we must further deepen economic and trade structure reform and establish an operating and managerial mechanism filled with vigor and vitality. The cities, districts, and counties which have not yet integrated foreign trade into the economy should all do so as quickly as possible. We should actually attend to the reform of the structure of foreign trade in various districts and counties. We should conscientiously grasp the implementation of the programs on the foreign trade contracts in the last four years of the Eighth Five-Year Plan, the contract plans for next year in particular, and must assign all contract quotas to the grass-roots levels before the Spring Festival. We should vigorously spread the export agency business to allow even more enterprises to directly participate in competition on the world market.

Guo Changcai pointed out: We should continue to implement the strategy of winning victory by ideas and actually grasp the readjustment of the structure of export-oriented commodities. From now on, if an export-oriented commodity has severe quality problems, the persons concerned will be held accountable, and severe punishment will be given. We should rapidly establish and perfect the export production license system. Any enterprise without the license should not be

allowed to provide export goods to any export-oriented enterprise. In terms of structural readjustment, emphasis should be put on grasping the technological transformation of textiles, light industry, machinery, electronics, chemical industry, and building materials trades; and on rapidly developing the export of the products applying new and high technology, yielding high added value, and earning more foreign exchange.

Guo Changcai stressed: We should broaden world markets on every side and make great efforts to expand exports to earn more foreign exchange. In the course of continuously consolidating and developing the existing export markets in Japan, Hong Kong, Macao, the United States, and West Europe, we should emphatically broaden markets in the Commonwealth of Independent States, East Europe, the Middle East, Africa, South America, North America, and Southeast Asia, and strive to attain the goal of the province having its own agencies in all major cities of commercial centers and financial centers in the world and expanding the total number of the province's overseas enterprises to 150 during the Eighth Five-Year Plan.

Guo Changcai demanded that a new breakthrough be made in utilizing foreign capital, and that simultaneous increases be made in speed and efficiency. In the course of attracting foreign firms to make direct investment in the province, initiating joint ventures, and running the three forms of import processing and the compensatory trade, we should do everything possible to gain more government loans on favorable terms, loans from international financial organs, and the free multilateral and bilateral aid of nongovernmental organs to develop and expand the province's economic strength.

Shandong Youth League Plenum Concludes 26 Dec

*SK2712084791 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 26 Dec 91*

[Text] The three-day sixth enlarged plenary session of the eighth Shandong Committee of the Communist Youth League [CYL] ended in Jinan on 26 December. This session put forward the 1992 work tasks, which include the efforts to persist in taking economic construction as the central task, activate CYL work, act in close connection with our province's economic and social development reality, meet the needs of opposing peaceful evolution, strengthen CYL ideological and political work, extensively carry out activities on making contributions, nurture and train successors for undertaking the socialist cause in the course of practice, comprehensively build grass-roots CYL organizations, and realistically strengthen the building of CYL organs. It is necessary to uphold the principle of giving equal stress to comprehensively activating the CYL work and training ranks of CYL cadres with fairly high quality, and giving attention to achieving real results in practical work and positive results in theoretical construction, strive to upgrade the whole province's CYL work, and

greet the convocation of the 14th party congress and the 70th founding anniversary of the CYL of China with outstanding achievements.

The session discussed and adopted a resolution on holding aloft the banner of shock teams, displaying a vital new role, uniting with and guiding the young people across the province to devote their youth to realizing the objective of becoming comparatively better-off, and adopted a resolution on holding the ninth Shandong CYL Congress.

Shandong Meeting Views Agricultural, Rural Work

SK3012043891 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 28 Dec 91

[Text] On 27 and 28 December, responsible persons of various branches of the provincial level agricultural departments held a meeting to summarize and review this year's work, and to specifically study tentative plans for next year's agricultural and rural work in line with the guidelines of the eighth plenary session of the 13th Central Committee and the seventh session of the fifth provincial party committee. Gao Changli, deputy secretary of the provincial party committee; Vice Governor Wang Jiangong; and Zhu Qimin, special adviser to the provincial government, attended and addressed the meeting.

After listening to briefings given by responsible persons of various departments, Vice Governor Wang Jiangong gave a speech in which he fully affirmed this year's excellent situation in the whole province's agricultural and rural work, and analyzed our province's problems and difficulties in agricultural development. In referring to next year's agricultural and rural work, Wang Jiangong said: We should clearly define the guiding ideology for our province's agricultural and rural work in line with the guidelines of the eighth plenary session of the 13th Central Committee and the seventh session of the fifth provincial party committee. In 1992, we should pinpoint the priorities and grasp the key links, in the light of the development of agriculture that gives high yield and high efficiency. Agricultural departments should attend to the work in seven aspects:

1. Collect a bumper agricultural harvest with an emphasis on grain, cotton, and oil-bearing seeds; and guarantee an increase in the supply of essential agricultural products.
2. Take animal husbandry, the aquatic products industry, and the farm products processing industry as priorities; expand the conversion and upgrading of products; and raise the economic efficiency of agriculture.
3. Regard the popularization of improved varieties of seeds and other scientific and technological achievements, the improvement of the work system, and the increase in the multiple crop index as priorities; implement the project to develop agriculture with science and

technology; and raise the proportion of science and technology in the growth of agricultural output and income.

4. Tap the potential of our land, comprehensively develop agriculture, and raise the utilization rate of agricultural resources to the maximum.

5. Regard improvement of rivers and soil and afforestation as priorities, actively carry out agricultural capital construction, and improve the agricultural ecological environment.

6. Give priority to the comprehensive utilization of all kinds of agricultural resources, actively conduct diversified undertakings, and open up a wider avenue for increasing income and becoming prosperous.

7. Regard the coordination of service organizations and the building of service entities as priorities, and attend to the establishment of socialized agricultural service departments.

In his speech, Gao Changli, deputy secretary of the provincial party committee, touched on six views from the overall angle of the national economy and in line with our province's ideas for future agricultural and rural work:

1. To cope with the fundamental change of agriculture from a product to a commodity economy, we should regard market guidance as the major guiding ideology for future agricultural development, and guide agriculture and the comprehensive invigoration of the entire rural economy in line with the law of value and other economic laws.
2. Consider the integration of agriculture, industry, and commerce, and the combination of urban and rural areas as a breakthrough point and an important indication for changing the traditional agriculture into the planned commodity agriculture.
3. To meet the needs of the new commodity economic operational mechanism of agriculture and the rural areas, the provincial, prefectural, county and township party and government departments should change their functions in the course of reforming systems.
4. In the next 10 years, basic agricultural conditions should be improved so as to lay a good foundation for development in the next century.
5. Take agriculture that gives high yield and high efficiency as the fundamental guiding ideology, realistically regard science and technology as the primary productive forces, use modernized scientific and technological means to transform traditional agriculture, and channel science and technology into the chain of commodity economic operation.

6. Give different guidance according to different situations. Agriculture and the rural economy in the western part of the province should contribute more during the next 10 years.

Shandong Official on Industry, Communications

*SK3012070791 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 27 Dec 91*

[Text] In his industrial and communications work report delivered at the provincial planning work conference on 27 December, Ma Shizhong, vice governor of the provincial government, stressed: The 1992 industrial and communications work priorities are to: Implement continuously the guidelines of the central work conference and the work conference of the provincial party committee, deepen reforms, enliven enterprises, readjust structures, improve work efficiency, and make contributions to fulfilling the provincial economic development plan.

Ma Shizhong pointed out: We should foster both belief and determination, and continuously do a good job in clearing up debt chains, controlling production and reducing overstocking of commodities, and reducing deficits so as to improve the external environment of enterprises. This is a task of urgent importance to helping enterprises eliminate difficulties. Next year, we should persistently grasp the work of clearing up debt chains, and concentrate efforts on stopping the tendency for new debt chains to emerge following the cleanup of old ones. In particular, the new projects whose construction funds are not guaranteed must not start construction. Planning committees and economic committees at various levels and banks should check the quality of the work. The work of limiting production quantities and reducing the overstocking of products should be comprehensively carried out next year. All localities and departments should adopt rigid and meticulous measures, and make early arrangements for the work. The task for reducing deficits will become more arduous next year. On the basis of reducing the number of money-losing enterprises by 30 percent in 1991, the province should help another 10 percent reduce deficits next year. On the basis of reducing 50 percent of deficits in 1991, the province should reduce another 20 percent of deficits next year. We should pay attention to helping industrial enterprises turn deficits into profits just as efforts were made to help rural areas eliminate poverty. To achieve this, we should fundamentally pay attention to the work in three aspects. That is, we should be determined to continuously readjust leading bodies, and should apply the way of contracting to the development of enterprises and households; and departments concerned should positively support the work.

Ma Shizhong stressed: We should grasp three basic work tasks: solidly deepening the internal reform of enterprises, strengthening management, and relying on technological progress. So far, localities have respectively worked out programs for deepening reforms on a trial

basis, and decided the lists of enterprises that should conduct reforms on a trial basis. Enterprises are allowed to relax the management and to have the initiative in making policy decisions except that the governments designate contracts to enterprises, help enterprises elect plant directors, examine the wage bills of enterprises, examine the implementation of production policies, and supervise the enforcement of laws and discipline. We should pay particular attention to strengthening the operational, financial, and quality management of enterprises. With the spirit of arduously pioneering undertakings and the spirit of saving every cent of money, that were advocated in the 1950's, we should fully mobilize the broad masses of staff and workers to engage in the campaign of increasing production, practicing economy, increasing revenues, and reducing expenditures; and carry out the method of two participations, one reform, and three-way combination. The problems in technological progress are not due to lack of capital, but due to our failure to accurately select good technological progress projects. We should first concentrate energy on accurately selecting good projects and determine [words indistinct] projects.

Vice Governor Ma Shizhong also urged that we should strengthen the macroeconomic management, expand the service functions, appropriately improve work style and work methods, vigorously strengthen the ideological and political work, and strengthen and improve leadership over the industrial and communications work.

Shandong Holds Meeting of Leading Cadres

*SK3012040891 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 27 Dec 91*

[Text] The Shandong CPC Committee held a meeting of party-member leading cadres on 27 December in Jinan.

At the meeting, the provincial party committee reported to provincial level leading comrades and principal responsible comrades of departments, committees, general offices, and bureaus on the implementation of the decision adopted at the sixth plenary session; the provincial party committee's proposal for implementing the decision; on the situation of punishing the corrupt and investigating and handling unlawful and undisciplined cases; and strengthening the improvement of party style and administrative honesty.

Ma Zhongcai, deputy secretary of the provincial party committee, chaired the meeting. Yuan Bo, deputy secretary of the provincial discipline inspection commission, reported on the situation at the meeting. Ma Zhongcai, deputy secretary of the provincial party committee, made a speech at the meeting.

He said: A good situation is emerging, where the improvement of party style and administrative honesty and economic work are developing in a coordinated manner and are advancing side by side. This is the main trend. However, we should clearly understand that some problems relating to improvement of party style and

administrative honesty still exist. Some unhealthy practices and corrosive phenomena within the party are comparatively serious. So, we should fully understand the significance, long duration, and arduous nature of strengthening the improvement of party style and administrative honesty. Leading organs should consciously strengthen the improvement of party style and administrative honesty.

He said: The improvement of party style depends on leaders. While conducting reforms, opening the country to the outside world, and developing the commodity economy, everyone is confronted with the trials of money and right. Communist Party members must set strict demands on themselves, persist in the principle of party spirit, play an exemplary role, resolutely wage the struggle against negative and corrosive phenomena, safeguard the image of the party, and make positive contributions to improving party style and administrative honesty.

Ma Zhongcai pointed out: Provincial level organs are key links to connect what came before with what comes after. So we should take a lead in improving party style and administrative honesty, guide the work at each lower level, and promote the improvement of party style and administrative honesty. It is necessary to conscientiously investigate and correct the problems cropping up in the course of implementing the line, principles, and policies of the party; being honest in performing administrative work; grasping and using power; improving work style; enforcing the line of cadres; investigating serious problems of abusing power for private gains and of engaging in corruption and bribery; and eliminating liberal tendencies of violating organizational discipline.

Ma Zhongcai said: Everyone is equal before party discipline and state law. After the fourth plenary session of the 13th Central Committee, 25 prefectural and departmental level cadres and 289 county and section level cadres were punished according to party discipline. From now on, those who violate party discipline and state law must be punished strictly.

He stressed: Party committees at various levels should conscientiously set up and improve regulations and systems, and strengthen the restriction mechanisms. Discipline inspection organs and administrative and supervisory organs at various levels should bring their functional roles into full play. Only when leaders pay attention to the improvement of party style and administrative honesty, the whole party engages in the work, and we rely on the masses to unswervingly attend to it, will party style and administrative honesty be improved.

Shandong Party Committee Views Style, Honesty

SK3012031791 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 28 Dec 91

[Text] The provincial party committee held a meeting in Jinan on 28 December to report on the whole province's situation in party style and administrative honesty to

various democratic parties. Ma Zhongcai, deputy secretary of the provincial party committee; and Lu Maozeng, vice chairman of the provincial Chinese People's Political Consultative Conference [CPPCC] Committee, attended the meeting.

Addressing the meeting, Ma Zhongcai pointed out: A macro climate in which the whole party attends to party style and administrative honesty has initially taken shape, indicating a good trend of giving simultaneous attention to the progress and coordinated development of party style, administrative honesty, and economic construction. The whole province has been politically and socially stable. This good situation cannot be separated from the close coordination and enthusiastic work of various democratic parties.

Ma Zhongcai said: We should recognize that some passive corrupt phenomena and unhealthy trends have remained quite serious. Therefore, we should strive to enhance the ideology and understanding of party organizations at all levels and the broad masses of party members, and deeply conduct education on fighting corruption and preventing peaceful evolution among party members in connection with the socialist ideological educational activities, enhance the party spirit awareness of party members, strengthen their immunity ability, and adopt effective measures to realistically solve problems which the masses of people have strong complaints. It is hoped that all democratic parties would offer more constructive opinions for solving the existing problems in party style and administrative honesty in the spirit of assuming full responsibility to the party and the people, and say all they know and say it without reservation.

At the meeting, more than 30 people, including Yan Qingqing, Xu Wenyuan, Kong Lingren, Yang Da, Wu Minggang, Wang Zunong, Su Yingheng, and Miao Yongming, and other responsible persons of various democratic parties and the Federation of Industry and Commerce, nonparty members of the People's Congress Standing Committees and of the CPPCC Committees, and representatives from religious circles, heard a situation report given by Yuan Bo, deputy secretary of the provincial Discipline Inspection Commission.

Central-South Region

Deng Hongxun on Plan for Reform, Opening Up

HK2612021591 Beijing ZHONGGUO XINWEN SHE in Chinese 1225 GMT 19 Dec 91

[By] reporters Lin Hua (2651 5478) and Mo Chengxiong (5459 2052 7160)]

[Text] Haikou, 19 Dec (ZHONGGUO XINWEN SHE)—Deng Hongxun, secretary of the Hainan CPC Committee, said that the Yangpu issue has become an important indicator for measuring the degree of Hainan's opening up and will become another major

event in China's opening up to the outside world. Next year, Hainan will expand the scale of opening up, promote its extraordinary development [chao chang gui fa zhan 6389 1603 6016 4099 1455], and blaze a new trail for building the special economic region in Hainan.

Deng Hongxun talked about Hainan's new plan for building a large special economic region in an interview with ZHONGGUO XINWEN SHE today.

Deng Hongxun first talked about Hainan's economic development situation this year. He said: Hainan gathered a good harvest this year by overcoming drought, and agricultural production reached an all-time high. Industry has also increased its growth rate, with industrial output this year expected to increase by 20 percent. In particular, the production of foreign-funded enterprises is expected to increase by about 70 percent. Substantial progress has also been made in the field of foreign economic activities and foreign trade. Airport, harbor, highway, and communications construction has also been going smoothly.

In commenting on the Yangpu development project, which has attracted international attention, Deng Hongxun said: The development of 30 square km in Yangpu will be China's largest development zone wholly leased to foreign investors. The approval procedures are expected to be completed soon. He said that if the Yangpu project is successful, it will play a decisive role in promoting Hainan's further opening up to the outside world. Therefore, the provincial party committee and the provincial government will work to ensure that the project can be smoothly and successfully completed through coordination of the foreign investment projects and acceleration of the pace of Yangpu Development Zone construction.

He said: Next year, Hainan will continue to carry out the favorable policies laid down by the State Council for developing the special economic region in Hainan, and will speed up the process of formulating and implementing a series of concrete measures for attracting foreign investment. At present, apart from concentrating our energy on promoting the construction of the Yangpu Development Zone and the other existing industrial development zones, Hainan will also lose no time in setting up some high-tech industrial development zones, comprehensive agricultural development experimental zones, and rural industrial development zones.

As for deepening reform in Hainan, Deng Hongxun emphatically pointed out that Hainan's reform will not only be directed at the old systems but will also be aimed at serving and promoting the process of opening up. Steps for promoting the expansion of opening up will be taken as both the starting point and goal of reform. The central task in reform will be to set up an economic management system and an outwardly oriented economic structure in line with international practices, thus

creating better conditions for attracting foreign investment and absorbing more advanced technology and management skills.

He revealed that Hainan will adopt five main measures for opening up next year:

- Establishing and perfecting an effective market system; gradually forming a new structure based mainly on market regulation; and promoting linkage between the Hainan market and the international market. The prices of most consumer and producer goods in Hainan have been decontrolled, and the market has basically taken shape. Next year a greater step will be taken to perfect the market system, which includes the market for the means of production, the market for consumer goods, the capital market, the technology market, the property market, the labor market, and markets for other factors of production. In particular, Hainan will establish and perfect a stock market and a market for various securities and bonds.
- Deepening enterprise reform; developing and improving the management contract system in enterprises; speeding up work on the stock system; organizing more enterprise groups; and encouraging domestic and overseas investors to participate in enterprise mergers and leasing activities in Hainan. Rural reform will be mainly focused on improvement of the responsibility system based on household output contracts, and the improvement of the service system. All kinds of specialized households operating on a large scale will be fostered, including those specializing in raising livestock, fishing, and planting tropical crops. The commodity economy will be promoted.
- Continuing to adjust and improve the "small government and large society" structure; actually effecting changes in the functions of the government; and gradually setting up a macroeconomic control system which mainly exercises indirect economic management.
- Further improving the new social security system. Hainan has recently formulated the social security system in the aspects of pension insurance, medical insurance, industrial accident insurance, and unemployment insurance for workers in the province. The social security system will be officially put into practice on 1 January 1992.
- Advancing the reform of the cadre and personnel system. It is necessary to introduce the competition mechanism in the process of appointing and promoting cadres through assessment and examination. The new system should actually ensure that able people are promoted and incompetent and mediocre cadres are demoted. All industries and trades should pay attention to train and promote people with work ability.

Deng Hongxun said: Making efforts to improve Hainan's "hard" and "soft" environment will still be the main task in the coming year. In regard to the "hard" environment, Hainan will make good preparations for moving the Haikou airport, speed up the construction of the Fenghuang International Airport in Sanya, the express highway around the island, and the Daguangba hydropower and water conservation project, thus further improving the infrastructure. In regard to the "soft" environment, Hainan will establish a good image as a special economic region. First, it will enhance the quality of the residents of the special economic region according to the requirements of opening up to the outside world, and instill a series of new ideas among the people to meet the needs of opening up. Second, it will set up a highly efficient and honest government, continue to deal blows to economic crimes, eliminate corruption, and raise the work efficiency of the government institutions. Third, it will fully use the local legislative power authorized by the National People's Congress to enact a set of rules and regulations concerning foreign-related economic activities in line with international conventions, thus protecting the legitimate rights and interests of investors. In addition, it will strengthen public security work, deal blows to various criminal offenders, and create a benign and stable social environment for investors.

Liu Jianfeng on Reform, Opening Up Strategy

HK3012142091 Haikou HAINAN RIBAO in Chinese
23 Nov 91 pp 1, 2

[Speech delivered by Hainan Governor Liu Jianfeng 1 November 1991 at the inauguration ceremony of the China (Hainan) Research Institute of Reform and Development, and Symposium on Hainan's Strategy for Opening Up: "Implementing the Guiding Principle of 'Large-Scale Opening Up' To Speed Up the Pace of Reform and Opening Up"]

[Text] As we are inaugurating the China (Hainan) Research Institute of Reform and Development, a symposium is being held on Hainan's strategy for opening up. Leading members, experts, and scholars have arrived to discuss how Hainan should conduct reform and opening up. This provides us with a very good opportunity to consult and learn from them. I should like to take advantage of this occasion to discuss the conditions of Hainan's economic development, reform and opening up to better heed your valuable suggestions.

1. Main Conditions of Hainan's Economic Development and Reform Over the Past Three or More Years

Hainan became a province and started to run a special economic zone [SEZ] in April 1988; in September 1988, improvement and rectification began nationwide. In line with the general situation of improvement and rectification, it was impossible to implement in full the preferential policy the central authorities allowed Hainan; consequently, the hinterland's investment in Hainan was affected. In the wake of the 1989 political storm, some

international forces imposed "sanctions" on China; consequently, overseas investment in Hainan was affected. Furthermore, Hainan suffered an extraordinarily grave drought between 1987 and 1988, and four consecutive typhoons in October 1989 inflicted heavy losses.

Despite all this, Hainan's economy enjoyed good development through three years of unremitting efforts by the province's 6.5 million people under the correct leadership of the Central Committee and the State Council. In the year 1990:

- Gross domestic national product was 9.4 billion yuan, up 127.4 percent from 1987's 5.588 billion yuan, with an average annual growth rate of 8.4 percent.
- Gross industrial and agricultural output value was 5.881 billion yuan (calculated at 1980's constant prices), up 128.9 percent from 1987's 4.561 billion yuan, with an average annual growth rate of 8 percent.
- Local financial revenue was 739 million yuan, up 249.7 percent from 1987's 267 million yuan.
- Gross export value in foreign trade was \$470 million, 4 times that of 1987's \$110 million.

The province approved 1,687 foreign-funded enterprises from the time Hainan became a province until September; the volume of foreign funds in contracts was \$1.1 billion, with \$540 million actually put in; it approved 4,882 enterprises with lateral ties to other parts of the country, involving an investment volume of 8.1 billion yuan in negotiations, with 3.6 billion yuan actually put in.

Aiming at Hainan's rather weak foundation, the Hainan party committee and government set forth the principle: "Utilize the policy, lay a foundation, grasp implementation, and pursue economic returns" shortly after Hainan became a province. As a result, Hainan has improved its infrastructure construction over the past three years.

- Power generating capacity rose to 800,000 kilowatts from 1988's 388,000 kilowatts.
- Haikou Airport was expanded; the number of air routes rose to 21 from 4 in 1988, with approximately 90 scheduled flights every week. Haikou Airport is now one of the 10 largest airports in China.
- The building of new ports and transformation and expansion of old ones were firmly grasped, with three 10,000-ton berths newly built. The loading and unloading capacities of Hainan's ports increased to 11 million tons from 1988's 7.4 million tons.
- The province's city telephone exchange capacity was 69,000 lines, increasing by 50,000 lines from 1988, which can be dialed directly to all large and medium cities nationwide as well as some 100 countries and regions. Three satellite ground telecommunications stations were newly built.

Viewing things today, the major conditions for Hainan's development and construction are basically good.

The causes of these accomplishments are multiple, but the most important is that Hainan has firmly implemented the principle of reform and opening up since the day the province was founded.

—The province conducted smooth reform in grain purchasing and marketing prices, namely, changing state quotations into state guiding prices; and took the lead in implementing purchasing and marketing prices on the same par. The reform was very successful, with the grain market stabilized and an opening-type grain market taking shape. The masses are satisfied with the reform, the peasants are happy about it, whereas there has been less burden for finance. Other price reform measures with grain purchasing and marketing price reform as the center are underway step by step in the province.

—We have further completed and perfected the structure of "small government, large community" and conducted partial readjustment, while ironing out relations between all aspects. Through earnest discussion, the provincial government decided that it would adhere to the orientation of "small government, large community" under whatever difficulties. While ironing out, completing, and perfecting the "small government, large community" structure, we have done some work regarding improving work efficiency and soft environment for investment.

—We have taken an active part in pushing the joint-stock system experiment. With ample preparations, we conducted standardized reform of the joint-stock system in three enterprises on an experimental basis.

Other reforms, such as enterprise reform, reform in the social security system, and rural reform have all been pushed according to the original plan.

In short, Hainan's practice over the past three years or so showed that the decision by Central Committee and the State Council to make Hainan a province and an SEZ was wise, correct, and entirely compatible with Hainan's actual conditions.

2. The Basic Way Out for Developing the Hainan SEZ Lies in Firmly Implementing the "Large-Scale Opening Up" Policy

Opening up to the outside world is the basic national policy that China must adhere to for a long time. Practice in reform and opening up over the past 10 years and more showed that without opening up to the outside world, China would not be what it is today. There would not be a way out and China's modernization would be hopeless without reform and opening up. While stressing adherence to the four cardinal principles in the wake of the 1986 political storm, Comrade Deng Xiaoping on several occasions reminded the whole party not to negate reform and opening, or turn China back into a country closed to all international ties, because of the flood of the ideological trend of bourgeois liberalization; in addition, he explicitly pointed out that opening to the outside

world is China's firm national policy, and it is not that we have been excessive in opening up, but quite the opposite; it is imperative to extend opening up with greater courage and at a faster pace; it is necessary to implement the "large-scale opening up" policy. Such profound ideas of Comrade Deng Xiaoping are important guiding principle in our opening up, enabling us to have a more profound understanding that to build socialism with Chinese characteristics and a socialist Hainan SEZ, the basic way out lies in firmly adhering to reform, opening up, and implementing the "large-scale opening up" policy.

Implementing the "large-scale opening up" policy is the objective requirement for internationalized modern economic life. Since the beginning of the 1980's, the increasingly strong tendency of internationalization of economic life has involved all countries in the network of world economic ties, be they capitalist, developing, or socialist. Today, any country in the world, even one with the largest territory, most abundant natural resources, and strongest economy cannot avoid ties with the world economy and pursue economic construction by closing its door. Every country must be compatible with such objective requirements on socialist production development and opening the economy. The internationalization of the economy will be all the more conspicuous in the 1990's. Without a doubt, the implementation of a more open economic policy is the objective need for us to suit the internationalization of the economy.

To implement the "large-scale opening up" policy, it is imperative to develop the socialist commodity economy in a big way. For a country to genuinely and effectively implement opening up, the most basic prerequisite is to develop commodity production and circulation in a big way. Only by building a developed commodity economy will there be a solid material base for opening up. "China's Economic Structure Reform—Decision of the CPC Central Committee" explicitly pointed out: "The Socialist planned economy must consciously abide by and apply to the law of value, and be a planned commodity economy based on public ownership. The full development of the commodity economy is a stage not to be transcended in social economic development and the necessary condition for realizing China's economic modernization." In China, should we fail to develop the commodity economy in a big way, it would be impossible to realize the task for socialist modernization, and reliable material insurance for invigorating the domestic economy and opening up to the outside world would be absent.

The implementation of the "large-scale opening up" policy is the way to do a good job in the SEZ. It is the result of reform and opening up, which will in turn further promote the SEZ's development. Hainan has a very poor economic foundation; only through "large-scale opening up" and pursuing an export-oriented economy will Hainan have hope; otherwise there will be no way out. This being the case, it is necessary to implement all-directional opening up, to maintain more

"special" advantages of "large-scale opening up" than other SEZ's, while exerting efforts to create a more advantageous environment for opening up than others, introducing voluminous investment from abroad and establishing greater lateral ties with other parts of the country, and accelerating the development of foreign-funded enterprises.

The central authorities' decision to let Hainan run the largest SEZ in China means they are letting Hainan play an important role in opening up. State Council Document No. 24 (1988) explicitly pointed out that building Hainan into the largest SEZ in China is the implementation of the strategy for coastal economic development, and an important measure for expanding opening up. This strategy is of far-reaching significance. This shows that the decision of the Central Committee and the State Council to let Hainan run the largest SEZ in China aims to open Hainan further. Otherwise, there is no need to build the SEZ. Based on this central requirement, the main task for Hainan SEZ is to further expand opening up based on the "large-scale opening up" principle. Whether or not Hainan will do a good job in opening up and play a role in China's opening up is a major issue that has a bearing on the whole situation. The reason we set forth the issue this way is that Hainan's genuine advantage lies in opening up. When meeting some foreign friends in 1987, Comrade Deng Xiaoping pointed out: "We are running a still larger SEZ: the Hainan SEZ"; "Hainan is almost the same size as Taiwan, with abundant natural resources such as iron ores, oil, rubber, and other tropical and subtropical crops. If Hainan develops, it will be great." Comrade Deng Xiaoping's talks pointed out Hainan's advantages in opening up, and explained Hainan's great impact on China's opening up when its advantages are given full play.

As a newly founded province, Hainan should grasp work in all arenas; however, all work should be on the track of reform and opening up, while turning its natural and policy advantages into reality by further deepening reform and expanding opening up.

What is the next step for Hainan to develop an export-oriented economy? We have a plan, which we should like to present for discussion.

1. Implement State Council Documents No. 24 and No. 26 regarding Hainan's development. The basic tasks for the three-year improvement and rectification were basically fulfilled. Under such circumstances, we hope that the clauses in the said documents will be implemented one by one in a comprehensive way. During the past period of improvement and rectification, Hainan was subject to China's whole generation, and some of the clauses were not implemented. Now that the period of improvement and rectification has concluded, conditions are ripe for implementing the said documents clause by clause in an all-around way. With the advancement of reform and opening up nationwide, Hainan's gap with the hinterland in the advantages of preferential policy is narrowing step by step. Should the two central

documents fail to be implemented, Hainan's advantages in policy will continue to wane.

2. Develop whole regions through construction projects. In what aspects should Hainan exert its efforts to expand opening up? Based on Hainan's actual conditions, it should blaze new trails by developing whole regions through construction projects. In this aspect, there are two approaches in China. One is to develop the infrastructure in a region with our own investment, then gradually import foreign and domestic funds to build a development zone. The other is to find a stretch of land for foreign businessmen to invest in infrastructure, then the foreign businessmen will import projects. Yangpu is a well-known example. Hainan proposed this approach from the very start of the province and the SEZ. However, a "Yangpu storm" surfaced at that time. Through two-year investigation, exploration, and study, thinking has basically been unified at home. We believe that the time for Yangpu's development is ripe. This September, we initialed a letter of intention with Kumagai Gumi (Hong Kong) Ltd. to develop the whole Yangpu region through construction projects. At the same time, we invited some 30 experts in the hinterland to conduct demonstrations for two or three months and make project suggestions. We believe that the Yangpu development pattern is an important sign of Hainan further opening up as well as a sign of China further opening up.

This being the case, to make all our work meet the requirements of opening up, it is necessary to set conscious requirements on ourselves from the criteria of opening up, and make whatever is favorable to opening up and development of the productive force the criteria for testing all work. It is necessary to emancipate the mind and renovate concepts and break through those traditional ideological bonds of closing the country to international ties, while putting into practice and boldly spreading all approaches and measures favorable to opening up and developing the productive force. At the same time, augmenting opening up should be regarded as constant work and its implementation must be earnestly grasped well. Only then will it be possible to accelerate the development of the Hainan SEZ.

How is Hainan to open more from now on? To achieve this, it is imperative to implement Comrade Deng Xiaoping's instruction on creating several Hong Kongs in China, and work hard to build Hainan into a special tariff region. To achieve this, it is imperative to apply to the usual international practice in economic development and management, conduct experiments in Hainan to accelerate Hainan's development and economic leap, under the socialist system and CPC leadership. We believe, through experiment, that Yangpu's development pattern can be spread all over the island. This is precisely the issue of setting up a special tariff region in Hainan, an issue which we have demonstrated over the past few years. We believe that the establishment of special tariff region in Hainan is just a matter of time. The above is our conception on further expanding Hainan's opening

up. We hope that all experts and scholars present will set forth more and better precious opinions.

3. Deepening Various Reforms by Centering Around the Theme of Opening Up

The advantage of Hainan as the largest SEZ in China lies precisely in opening up. Hainan's reform must center on whether or not it is conducive to the theme of opening up; adhere to the principle of promoting opening up with reform, with reform serving opening up; boldly push forward various reforms; and create conditions for a new structure conducive to opening up to promote unusual economic development. This is the starting point as well as the foothold for Hainan's restructuring.

To conduct reform in Hainan centering around opening up, the most important point is to proceed from the reality of the province's conditions and the actual condition of building the SEZ, and to reform the economic and political structures incompatible with the productive force development, while building a new structure conducive to opening as the goal. This new structure suits Hainan's actual condition, and is an administrative structure and operational mechanism which is capable of doing business according to normal international practice, and conducive to the gradual development of an export-oriented economy. We must study and formulate all reform measures from this angle.

To fulfill the Central Committee and the State Council's strategic intention in building the Hainan SEZ, the provincial party committee and government have, in three years continued to complete, perfect, and form a clear picture of the goal of building the SEZ based on the requirements set forth in State Council Document No. 24: "Strive to catch up with the national average economic level in three or five years, arrive at the level of developed regions in China by the year 2000, then work hard to catch up with the level of the economically developed Southeast Asia region." At the fifth enlarged plenary session of the first provincial party committee, convened in January, and the fifth session of the provincial people's congress, convened in May, the guiding idea and chief goal of the province's Eighth Five-Year Plan and the 10-Year Program were set. Our basic guiding idea is: Firmly adhere to the four cardinal principles; further implement the principle of promoting development through reform and opening up; develop the productive force in a big way; take as the key investment from abroad and lateral ties with other parts of the country and develop the whole region through construction projects; consolidate agriculture's role as the base; augment the leading role of industry; and accelerate the development of tourist industry, trade, and various social undertakings to basically complete building a new SEZ. This new SEZ will have an export-oriented economy as the main body, an industrial setup characterized by harmonious development, a rather healthy and complete market mechanism, and people's living standards meeting the well-off level in China. This will lay a solid material and technological foundation for the

further development of Hainan's national economy and social undertakings in the 21st century. Based on this guiding idea, we propose to realize the second-step strategic goal of quadrupling Hainan's GNP [gross national product] ahead of schedule by 1995, and strive to join the rank of advanced regions in China within this century. To achieve this goal, the annual industrial and agricultural gross output growth rate must be maintained at 14.9 percent during the Eighth Five-Year Plan; the average annual industrial growth rate must be 20 percent; the self-sufficiency of grain must be accomplished between three and five years; the tasks for supporting the poverty-stricken must be completed in five years; and the basic balance between revenue and expenditure of city and county finance be realized.

Hainan's restructuring needs to be further deepened, completed, and perfected in some aspects. Problems needing further resolution are: The increasingly conspicuous problem of the market's poor capability for adapting to changes, with low economic returns and deficits on a large scale; the macroscopic system of "small government" with indirect administration as the key needs to be urgently augmented, completed, and perfected; and a market environment characterized by equal competition has not completely taken shape. This being the case, we should continue to conduct an in-depth study in reform from now on and continuously propose tasks of reform focusing on opening up to increase reform's magnitude and step up its pace.

1. The market system must be nurtured, completed, and perfected in a big way according to international usual practice and the need to develop the export-oriented economy. First, it is necessary to boldly push forward price reform, with focus on reforming the "dual-track system" of production materials to lay a foundation for ironing out price relationship. Second, it is necessary to augment market organization and control and build a futures market, wholesale market and other essential markets with focus on augmenting market infrastructure and market control. Third, it is necessary to invigorate the circulation of farm and sideline produce and further support and guide the peasants to enter the circulation area, and engage in the transportation and marketing of products of enterprises of townships and towns, farm, and sideline produce to ease the channels for urban and rural circulation by implementing the whole-ranging of marketing; supply and marketing; and the unification of agriculture, industry, and commerce. And fourth, it is necessary to transform the state-run and collective commercial structure, give play to their role of the main channel in equal competition, further reform their wholesale and organizational structures, and augment reform of their internal mechanism.

2. It is necessary to deepen enterprise reform to make the enterprise genuinely become an independent commodity producer and manager. Under the prerequisite of completing and perfecting the contracted management responsibility system, the key to enterprise reform from now on is to take an active part in pushing the joint-stock

system. Selecting those enterprises where conditions are ripe, and up to the requirements of state principle and policies with rather high managerial and operational level of the leadership tier, to implement the joint-stock system on an experimental basis, while actively creating conditions, it is necessary to extend the experimental scope of the joint-stock system proceeding from organizations and founding-enterprise groups, transforming old enterprises, and developing enterprises in townships and towns. At the same time, bankruptcy must be implemented according to the law regarding those enterprises suffering from deficits with their assets failing to cover their debts; the administration of state properties must be augmented. In addition, a good job must be done of shutting, suspending production, merger, and transferring to other trades of enterprises, while conducting reform of the social security system.

3. Whole-ranging, comprehensive reform of the social security system must be pushed forward as quickly as possible. On the one hand, reform of the socialist insurance system must be pushed in an all-around way. Henceforth, permanent, contracted, and part-time workers, including managers of all enterprises in the province, enterprises owned by the whole people or under collective ownership, those "with ties to other parts of the country," "foreign-funded" ones, and those of the private sector should participate in social insurance without exception. Four insurance regulations—pension insurance, insurance involving accident in work, unemployment insurance, and medical insurance—will soon be adopted by the provincial party committee and

government after discussions. At the same time, reform in the labor and personnel, wage, and housing systems will be actively spread.

4. The macroscopic regulation and control system of "small government" characterized by indirect administration in the main must be further augmented, completed, and perfected. We must adhere to the principle of functional separation of government and enterprises. It is necessary to give play correctly and effectively to the government's administrative function, further complete and perfect its macroscopic regulation and control system, and give full play to the economic lever's function, with reform of the monetary, planning, finance, and taxation structures as the key, so that the government will play a better role in the macroscopic regulation and control over the market operation mechanism.

5. It is necessary to accelerate comprehensive county-level reform, which must be gradually dovetailed to provincewide reform, while promoting county-level economic development with reform.

This briefing on the initial conception on Hainan's reform and opening up from now on is for your reference in discussion. We are very happy to have the opportunity to have the leading comrades and experts here to participate in the symposium on Hainan's strategy for opening up. It is our hope that all leading comrades, scholars, and experts will offer precious opinions on how Hainan should deepen reform and expand opening up at the current symposium. We hope that this symposium will yield fruits of important guiding significance for Hainan's opening up, and greatly push forward Hainan's work in reform and opening up.

Hong Kong

Governor Wilson Discusses Retirement in Interview

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[Interview with Hong Kong Governor Sir David Wilson by unidentified reporters on 31 December; place not given—recorded]

[Text] [Reporter] Sir David, could you tell us what has made you decide to retire at this point?

[Wilson] Well this is a decision by the prime minister rather than a decision by me; I think I've always made it clear that I would go on serving in Hong Kong within reason or limit as long as I was asked to do so. The prime minister has made the decision that it would be right to change the governor in 1992. I can see the point, because if there's going to be another governor before 1997, it makes a lot of sense to bring in somebody early enough so that they can get themselves well established and have a good period in office, and that will give the new governor four and half or five years in office, and that's a good period of time to get well established.

[Reporter] Are you saying that you would have liked to serve longer in Hong Kong?

[Wilson] No. The point I'm making is that the decision is one for the prime minister, not a decision for me. I've always made it very clear in public that if I was asked to serve, I would serve, but the decision is one for the prime minister to take. It's very easy to understand why the prime minister has decided that if one person...[changes thought] if I'm not to go on until 1997—and it never seemed likely that I would go on until 1997, I think I've always made that clear in public, too—then for the prime minister to decide that in that circumstances, have somebody who can come in earlier now to get well established, that makes lots of sense, I could fully understand that.

[Reporter] What sort of candidate do you think Hong Kong needs at this point?

[Wilson] That's always a terribly difficult question, isn't it? You are trying to draw up a checklist of qualities for a governor of Hong Kong—it's not easy. You've got to have somebody who can look after the administration of Hong Kong—it's a highly complex society now; it's the eleventh largest trading territory in the world. It's a very significant global trading territory. So that's one side—the administration of Hong Kong, somebody who can do the administration well.

Then, perhaps more than most other places in the world, we have a series of quite difficult relationships to manage; we've got a crucial relationship with China that needs great care, careful management, somebody who could do that. We have a relationship with United Kingdom, a metropolitan country, and we have the

handling of the political developments in Hong Kong; we need somebody who can manage all of these things, somebody with administrative experiences and has got some sort of vision and ability to deal with leaders in countries like China, leaders of countries in UK, other countries in the world. Now that's a catalogue quite a lot of attributes and abilities and you need somebody who can fulfill as many as possible of those.

[Reporter] Sir David, as so many suggested in the UK, that your successor is maybe a high-prestige politician, do you think that it's a good idea?

[Wilson] I think what matters, what really matters, is the quality of the person, the quality of the individual, not where they come from. I don't think the specific background of the person is the crucial thing, it's the overall qualities of that individual and the sort of things we were talking about just now, having these sorts of abilities. Now you can get that sort of person from a number of different backgrounds, and I don't myself believe its the background that matters. I believe it's the quality of the individual that matters.

[Reporter] Sir David, I think you will agree that the announcement sounds very sudden to most of us, considering that you were saying it's so reasonable to change at an earlier time—why was this suddenness, why do there seem to be a change of mind? Only very recently, the prime minister was saying that there was no vacancy for the governorship in Hong Kong. With this suddenness, makes us feel that there might be some urgency. Is there any urgent reason why you must go now?

[Wilson] I am interested, you say that it would appear so sudden, because, as I sit in my chair, as I sit at my desk, I read endless bits of newspaper speculation and indeed, television speculation about is there going to be a change of the governor in 1992? From my point of view, and the sorts of things that I read, I don't find that sudden at all. Eventually, a decision has to be made: Should there be a change in 1992, some time soon after I've done my first five years in office. Now when that decision is taken, it makes a great deal of sense, I believe, to say so, so it's clear, so we don't simply have the speculation: Will the governor be changing in 1992, won't the governor be changing in 1992? That's clear, the decision has been taken. The governorship will change in 1992, and we can all work with that background in mind.

[Reporter] Was it a sudden decision? Were you consulted? When did you know?

[Wilson] I have been aware that the question whether there should be change in 1992 after my first five years in office, I have been aware of that have been around for some time. The actual decision to make an announcement now, that's much more recent. But of course, I've been aware of it.

[Reporter] Sir David, now that the decision is made, we have a period whereby we do not know who the next

governor is. Is that an announcement to be made soon, within a matter of weeks, say?

[Wilson] That's, that's counted to be a matter for the prime minister rather than for me. The prime minister in facing that, has got to look at the background that he's got, which is a general election coming up. And I don't know what decision he will take about whether to make an announcement before the general election or afterwards. But that's the background against which he has to look at the problem.

[Reporter] Will it create difficulties for you, being a governor carrying out your day-to-day work?

[Wilson] Well, from my point of view, I would prefer, I think, it to be clear that there is going to be a change in 1992 and know that. We are then left with one half of the two-part speculation, if you like. We've had two parts of the speculation recently—speculation that the governor might change in 1992; speculation about who might be the next governor. Alright, we've now got one half of the speculation left; there will be a change in 1992, still speculation about who it's going to be. But the other point for me is to make it absolutely clear that although I shall be leaving Hong Kong in 1992—and of course I shall be sad to leave Hong Kong in 1992, that goes without saying, I think—I won't be leaving for several months yet. So don't write the obituaries yet. [reporter laughs] I will be here quite a few months, and I shall be working flat out during these few months.

[Reporter] Forgive me for being tactless, but have you been asked to go because the Foreign Office is unhappy with the way you handled the new airport?

[Wilson] I wouldn't, certainly wouldn't, see it like that myself. No. I mean I feel no reason—you might like me to sound sort of defensive or apologetic—I don't feel that in the slightest about anything at all that I have doing during my period as governor. No. I think the crucial thing is that if there's going to be a change before 1997, you've got to make a decision, the prime minister's got to make a decision: When should it be? Should it be later on, or should there be a lengthy period of time, something close to five years, for the new governor? That is the decision that he's taken.

[Reporter] Is it, the change, also because of a need to change the relation with the Chinese leaders? That is again, have you been asked to go because you are too sympathetic with China?

[Wilson] I don't believe so myself. Of course I can't look into the minds of other people. But I would be extremely surprised if that was the sort of reasoning. I do believe myself that it is very important for Hong Kong that we should establish a good working relationship with China. We've got to. There's going to be a change of sovereignty in 1997. China matters immensely to every aspect of Hong Kong's life and Hong Kong's future. I do believe we've got to have a good, sensible working relationship

with China. And I am sure that anybody who comes here as governor would have the same view.

[Reporter] Do you think that the June 4, events of June 4, at all changed the kind of job that the governor of Hong Kong has to do?

[Wilson] I don't think I would pick on one single event as changing the job. I do believe that Hong Kong has changed enormously over the, let's say, the last 10 years. And June the fourth was a very traumatic event for all of us. But it is not just one single event that changes Hong Kong. What has changed—it's become much more prosperous. We are more prosperous, per head of population, than many places in the European Community. That's a huge change. A dynamic economy—just look round from my study at all the building that's going up. That's changed. The future, the fact that there's going to be a change of sovereignty. That's changed over the last 10 years, the China dimension has changed. So I wouldn't pick on June the fourth, even though that was a very difficult period to handle in Hong Kong for everybody. I wouldn't pick on that single event, but I would say Hong Kong is changing the whole time and therefore the administration of Hong Kong, the sort of role for a governor, that's always changing.

[Reporter] Sir David, it's been an eventful five years. Is there one particular issue that you would have handled differently with hindsight?

[Wilson] It's always a very difficult question to answer. Because I would never want to suggest that everything that I do is perfect. It would be extraordinary if that was the case. But in looking back on what's happened, what really strikes me is that Hong Kong has been faced with tremendous problems over those five years, quite extraordinary ones. And yet, not only have we survived them, we've come through them extraordinarily well, and this pace is still growing fast: The economy is doing well, people's living is better, we are building for the future, like education programs, airport, and so on. I think that's something Hong Kong can be proud of. It's not me alone. But I am proud to be associated with what Hong Kong's achieved during that period.

[Reporter] Sir David, go back to the question of your successor. As you have mentioned about, there will be a general election and there is a possibility of the Labor Party to get power. We have just interviewed the Labor Party Spokesman George Foulkes and he said: If Labor get power, they will appoint a Labor guy to be the new governor and they will maybe speed up the pace of democratization in Hong Kong. Do you think it will be a good idea for Hong Kong to have such change?

[Wilson] I didn't hear the particular interview myself. So I won't comment on what was actually said. The type of governor who comes to Hong Kong, in a way, that's less important than the sort of issues that the governor will face. And any governor, whoever it is, will face the same sort of issues and, I think, will face the same need to have

stable policies in Hong Kong, steady evolution in Hong Kong. Those are the things which I believe are crucial for Hong Kong.

[Reporter] Do you agree a tough guy can get more from China?"

[Wilson] Dealing with China is enormously important for Hong Kong. That relationship—as I was saying just now—is enormously important. I don't myself believe that you can produce simple answers and say one particular way of approaching is going to produce dramatically different results from another way. That just isn't the case. There are certain basic facts which have to be handled. I believe they have to be handled with great care, trying to understand what the basic problems are, trying to put across to China what Hong Kong's needs are, trying to understand, too, where China has its own issues and problems it has to face. That sort of building up, that sort of an understanding relationship. I think that is the crucial thing.

[Reporter] Sir David, during the event of June the fourth, you took a very bold stand. Do you, with hindsight, regret that stand?

[Wilson] No I don't at all. No, I don't in the slightest. June the fourth...the whole period of May, June was a very difficult period here in Hong Kong. I don't regret the sort of things that I said. I believed them. I still do believe them. The sort of measures that we took to try to make sure that Hong Kong remained stable, that it looked to the long-term future—those I think were absolutely right, and I certainly wouldn't regret them. We were trying, if you remember, in 1989 to look forward; to show that, although dramatic and terrible events were happening in Peking at that time, we were not simply going to give up on Hong Kong. We were going to look to the longer-term future. That I believe was right. I don't regret that at all.

[Reporter] A lot of problems came out of June 4th, including the accusation that Hong Kong is subversive, including the nationality package, including your announcement to Legco [Legislative Council] of the new airport. A lot of problems stemmed from that day. Do you think you would have handled it differently?

[Wilson] What, if I could look back to [words indistinct].

[Reporter] Yes.

[Wilson] I doubt it very much. I do believe that it was right at that time to be looking for the future, not to limit our own horizon, either to 1989 or to 1997; to say despite everything that it was happening, Hong Kong was going to go on, Hong Kong was going to prosper. So, announce the policy on expanding the education, I believe that was right; announce long-term infrastructural projects like the airport, I believe that was right. I don't think, even looking back now, that those were the wrong decisions. I

believe now that they are laying the right sort of foundations for a prosperous Hong Kong in the future, way after 1997.

[Reporter] Sir David, there were so many rumors, say in UK, saying that you don't have a good relation with those business circles in UK, like the Jardine. So they always proposed to replace you. Do you think that the new governor needs to build up a good relationship with those businessmen in UK?

[Wilson] Well, as I would see it—and I would disregard all those sort of rumors, incidentally—as I would see it, what matters in Hong Kong is that we are an open economy, a competitive economy. Sometimes the word used is a "level playing field." It is not a bad word. "Playing field" may be wrong. It's quite serious business. But it should be level. It should be a place in which everybody competes freely. That is what has made Hong Kong so successful. Incidentally, Britain's willingness to allow Hong Kong—a dependent territory—to look after its own economic affairs, to entirely look after its own affairs autonomously, that I think is a good credit to Britain over the years. That is what has helped to make Hong Kong so successful—competition.

[Reporter] China has been consulted on a lot of things in Hong Kong in the recent years. Would China be sounded out on this candidate for the Governor's House?

[Wilson] I think the decision has to be seen as one which is the queen, in formal terms, and it's for the prime minister to advise the queen and [words indistinct] has to take that decision. And I don't see formal consultation of other people; formal consultation of anybody like China; or consultation in Hong Kong for that matter—I don't think that is appropriate. Now if people in Hong Kong or anywhere else wish to put forward their views on who would be the right sort of governor, sure they will do so. People are never slow to put forward their own views. But the actual decision, I think, has to be for the prime minister to advise the queen, and without formal consultation of other people.

[Reporter] [Words indistinct] Legco guys want to discuss that in the in-house [words indistinct] the characteristics of the new governor. Does that mean that you think such kind of discussion is just fruitless discussion?

[Wilson] I didn't quite say that, did I? I said that formal consultation in Hong Kong or elsewhere doesn't seem to me to be appropriate. It has to be the prime minister advising the queen. But if people want to discuss the subject, of course they can discuss it. Of course they will. No one would wish to stop people discussing this. No one would wish to stop people from putting forward their own views. I am sure they will do that. And it's quite right that they should do so.

[Reporter] However, Sir David, it is felt by a lot of people that this change of governorship, especially at this point of time, is much more to the convenience of UK

politicians than for the benefit of Hong Kong. Do you think Hong Kong people would be justified to a certain extent in thinking so?

[Wilson] To me the key thing is, if you are going to change the governor before 1997, when should it be done? And obviously that is arguable: What is the right time to do it? But there is a good case, as I was saying, for changing early enough for a new governor to get well established in Hong Kong. And that is something for the good government of Hong Kong. It's not for the convenience of British politicians.

[Reporter] Then why did John Major not tell Hong Kong people this when he was asked the question not so long ago?

[Wilson] He said, if I remember, I think you quoted earlier, that there was no vacancy to the governorship when he was asked the question. That was absolutely true. And I think that was back in September. When he finally made up his mind that he would like to see a change, that is something that he can answer, rather than me. But at some stage, announcements got to be made for a long period before that, and clearly you can't make that sort of announcement. There has to be a point when there is an announcement. As I was saying there is a lot of advantage in making it clear what's going to be done. We all know the situation. As far as I am concerned, I'm here for many months to come. And I shall not be slackening off in what I am doing simply because I shall be leaving in 1992. I shall be continuing to work very hard in the interest of the people of Hong Kong.

[Reporter] Can you tell us what you would like to achieve in your remaining months in Hong Kong?

[Wilson] I'd like to make sure that all these enormous programs that we've got for the long-term future, go ahead as planned on schedule. By that I mean the expansion of higher education, the airport of course—that's going to be enormously important for the future of Hong Kong—other infrastructural projects, all other social welfare projects, because they are very important too. Trying to improve, in the broadest sense, the quality of life of people of Hong Kong. That means not just like simple thing like are the streets clean—those are important; it means building for the long-term future. Building for education of people, building the infrastructure that a really successful Hong Kong post-1997 is going to need. I want to be here pushing those things, making sure that they keep on schedule, making sure that there is no slackening off of effort in the administration.

[Reporter] Sir David, which problem do you think your successor, the new governor, will face in the coming future, approaching 1997?

[Wilson] Which single problem?

[Reporter] Yes.

[Wilson] I think if he deals with one single problem in Hong Kong, he will make a mistake. Because you've got

to remember the whole time that there are a number of different things that have got to be dealt with. And, to concentrate on one single thing would be a mistake. The relationship with China is very important. Managing the administration, keeping up morale in the civil service as we move toward 1997 will be very important. Handling the relationship between the Executive, the Executive Council, and the legislature, the Legco, that is going to be very important. Building infrastructure, education—all of that is going to be very important. And, last point, going round the world, and explaining to people that this place is not on its last leg; that it is a very dynamic place, that it is a place well worthwhile investing and trading with, that is important too. Now, anybody who takes one of those and only does one, would be wrong, wouldn't he? It is important to keep all of these things in view.

[Reporter] Sir David, on a more personal note, have you had time to think what higher and better things you would be going to after Hong Kong?

[Wilson] I haven't had much time to think. The one point I will make on that is one which I have always made, and I made it before I came here, which is: I would not wish to go on to do some other diplomatic jobs. I don't wish to, I don't expect to. Governor of Hong Kong for me is the height of my official career. So I shall have to find something different to do, but what it will be I haven't thought about, and I doubt very much whether I should be thinking much about it in the next few months. I shall be far too busy here.

[Report] Will you go to Oxford?

[Wilson] That I simply don't know. I don't know what I shall do. I am going to concentrate on working in Hong Kong for the next few months.

Newspapers React to Governor's Retirement

'Premeditated Arrangement' Seen

HK0101130592 Hong Kong WEN WEI PO
in Chinese 1 Jan 91 p 37

["Contributed article" by Li Ming (2621 7686): "Overthrow and Replacement of Governor, and the Lame Duck"]

[Text] While no successor to the Hong Kong governor had been appointed yet, the British prime minister's office suddenly announced Hong Kong Governor David Wilson's plan to retire by late next year. This is quite unusual. When Youde replaced McLehose as Hong Kong governor, London announced the appointment of the new governor four months in advance to dismiss any uncertainty that could arise from the personnel change. A general election will be held by next July in the United Kingdom. Until then nobody can tell who will become the new master of 10 Downing Street. For the moment London simply cannot predict who will have the authority to decide on the new Hong Kong governor. Therefore, the timing of the announcement that the

Hong Kong governor would be replaced, on the eve of the new year, is an act of political significance rather than a simple administrative, technical measure.

The implication of this act is: The Conservative Party has already drawn up a plan of administration for the period prior to 1997, and both the drafts on relevant operations and personnel arrangements are already available. Anyway, an announcement has to be made a year in advance to tell the public that the days of the present Hong Kong governor's office are numbered, with a view to creating an image of the Hong Kong governor as a "lame duck."

Before that, some people in Hong Kong had repeatedly tried to force the governor to step down. They predicted on public occasions that the Hong Kong governor would be changed. This campaign to "overthrow the governor" was launched with London's tacit consent. And its purpose was to give the public the impression that if some powerful figures in Hong Kong dislike the Hong Kong governor, they can openly air their view, and they do have influence on the governor's fate. In the meantime, the authority of the Legislative Council has been expanding remarkably: It can veto the agreement on the Court of Final Appeal concluded between China and Britain, discuss and decide on the introduction of a committee system, and attempt to effect a change in the administration-oriented structure as well. Legislative Councillor Martin Lee openly declared that the Hong Kong governor shall not hold the post as chairman of the Legislative Council. Felice Lieh-mak suggested that the Legislative Council should be allowed to discuss the requirements for the governor's successor, and London should consult the Legislative Council on this matter. Lady Lydia Dunn even noted: "The British will have no more commitment to undertake in the next five years." That is to say, the Hong Kong governor is no longer the person to exercise effective administration over Hong Kong until 1997 on behalf of the United Kingdom, and the Legislative Council is going to make every decision for Hong Kong instead.

London has created an outgoing Hong Kong governor for 1992, and the image of the Hong Kong governor as a lame duck is becoming clear, while he is facing a Legislative Council which is persistently trying to scramble for more power. Is he going to speed up the process of his fadeaway so as to let the Legislative Council take over more affairs?

The image of an outgoing lame duck will be reflected in two aspects: First, he can no longer make decisions on many matters; and second, he will pretend to be helpless in the face of drastic changes. In the coming year, the Hong Kong governor's role will be confined to supervising the government operation. At the same time, however, Britain intends to push for more drastic changes in Hong Kong's political system. All the abnormal phenomena that have taken place in the Legislative Council over the past six months are exactly the results of Britain deliberately giving up power to

encourage some people in the Legislative Council to scramble for power. While one side is ready to delegate the power, the other side is encouraged to take over the power. The Hong Kong governor's voluntary fadeaway from the Legislative Council is nothing but a premeditated arrangement.

What else are the British going to brew in Hong Kong in the coming year, after the adoption of the Human Rights Law, the program of granting the right of abode in Britain, and the stepping up of the representative government system? That merits attention. The advance announcement of the Hong Kong governor's retirement is an arrangement which offers a high degree of flexibility. In case something happens, the blame can well be put on Hong Kong people, and that is what is meant by "handing the power over to the Legislative Council."

According to the arrangement for the late transitional period that China and Britain have agreed to, and the memorandum of understanding on the new airport project announced on 4 July, Lu Ping, director of China's Hong Kong and Macao Affairs Office, and David Wilson, the Hong Kong governor, will meet regularly to discuss arrangements for the transitional period. But what role can an outgoing Hong Kong governor play in his future meetings with his Chinese counterpart? He would probably say: "I am going to retire very soon. So just leave these issues to my successor." Would he not?

From now until the British general election, Hong Kong is going to face a host of uncertain factors because of the replacement of the governor. Last September, a columnist called McClay wrote a crazy article, which was carried in the British SUNDAY TIMES, strongly urging "the British Government to replace the Hong Kong governor with a hard-liner." That hard-liner, according to the columnist, must be "one with a pirate character." Recently, in Hong Kong, some people noted in elaborating the background of the replacement of the Hong Kong governor: "He was fired because he was not tough enough with China." Remarks like these are nothing but a kind of propaganda and intimidation. In fact, London wants to let the personnel arrangement remain suspended for a while so that it can round off its withdrawal from Hong Kong soon and, at the same time, figure out China's bottom line. And then London will further bargain with China and work out a more definite plan in the second half of the year.

Wilson Has 'Reason To Be Satisfied'

HK0201013892 Hong Kong SOUTH CHINA
MORNING POST in English 2 Jan 92 p 14

[Editorial: "No Basis to Conspiracy Theory"]

[Text] The Chinese Government, through unofficial channels such as Beijing-appointed consultants and the local left-wing press, has apparently made known its preference for the next governor.

He will hopefully be a Foreign Office China hand conversant in the Confucian art of give and take. Well-versed in conducting himself in a gentlemanly way, he will shun confrontation. More importantly, he will know when to beat a tactical retreat in the face of overwhelming odds.

In other words, Beijing's ideal candidate will be in the mould of Sir David Wilson, who has played a key role in forging bilateral agreements with which Beijing has reason to be satisfied.

Beijing is apparently so smitten with Sir David it has insinuated that his early retirement—he will be only 57 when he leaves—is the result of a plot.

As a signed commentary yesterday in the pro-Beijing newspaper WEN WEI PO put it, the "premature" announcement of Sir David's retirement had been the result of a "dump the Governor" campaign perpetrated by the democrats.

The conspiracy theory suggests the liberals have become so powerful that they have "seized control" of the Legislative Council and intend to push for radical change. It warns that the failure to name a successor will put Sir David in the role of caretaker and allow the liberals to take advantage of the vacuum.

While most will scoff at such a notion, Hong Kong would be better served if Beijing were more gracious about the change in governors and attempted to understand better the role of the Legislative Council.

Beijing, like Hong Kong, has reason to be wary of who might replace Sir David, but it would be more helpful if his impending retirement were seen as an opportunity to clear the slate and start afresh in improving strained relations between both sides.

Attacking Britain over the timing of the announcement and making known the qualities it would like in Sir David's successor only reinforces the impression that another Sinologist diplomat as governor might repeat the past experiences of negotiating—and compromising—with Beijing behind Hong Kong's back.

'Sterling Efforts' Praised

HK0201020492 Hong Kong THE STANDARD
in English 2 Jan 92 p A-8

[Editorial: "Tribute to a Sterling Diplomat"]

[Text] It was no surprise. It had been widely expected that Britain would appoint a new Governor early in the 1990s to see the territory through to the handover of sovereignty to China in 1997.

Now, of course, the speculation is focused on who will replace Sir David Wilson. Will his successor be another diplomat? Or will Whitehall name a heavyweight political figure to the job? Will the next occupant of Government House be a local personality? Or will we be

welcoming our last British Governor later this year? There seems to be general agreement that the next Governor will need strong political skills. Sir David—though we must soon get used to referring to him as Lord Wilson—is a diplomat as well as a China scholar. And the post has traditionally been a top Foreign Office appointment.

It is no secret that certain Executive Councillors were less than ecstatic when Sir David was chosen to succeed the late Sir Edward Youde in 1987.

Some felt at the time that he was too junior, and might not be able to stand up to the British and Chinese governments on certain Hong Kong issues.

Since then, however, Sir David has made any number of vital and irreversible contributions to the welfare of this territory. It has even been suggested that he may have placed Hong Kong's interests above those of his own career by seizing every opportunity to present our case in Whitehall.

There are rumours that he fell foul of British Prime Minister John Major. If this speculation is true, Mr Major's disaffection probably stemmed from Sir David's stubborn advocacy of Hong Kong's special needs. He was, for example, in the forefront of the fight for the right of abode in Britain for certain categories of territory residents.

During his five years here, Sir David has dealt with or supervised a number of key issues, including the first direct elections to the Legislative Council, the brain drain, the flood of Vietnamese boat people into Hong Kong's camps and the stock market crash of 1987.

It fell to Sir David two years later to handle the sensitive situation arising from the tragic events in Tiananmen Square.

The airport issue, in particular, tested Sir David's diplomatic skills to the full. The successful settlement of that contentious matter owed a great deal to his vision and determination.

Sir David's tenure at Government House coincided with a difficult and uncertain time in Hong Kong's history. And we would be remiss if we did not pay tribute at this time to his sterling efforts on our behalf.

Although Hong Kong people have no say in choosing their next Governor, there is general agreement here about what kind of person we would like to see in Government House.

Whatever his or her background, the next Governor of Hong Kong must be a strong administrator who is willing to speak and act on behalf of the people of this territory whenever the need arises.

Sir David's successor, we can be sure, will also be faced with many uncertainties and difficulties.

One final question has been raised, meanwhile, about our out-going Governor. What title will he adopt? Lord Wilson of Chek Lap Kok?

Rally Supports Mainland Political Prisoners

*HK0101120092 Hong Kong AFP in English
1056 GMT 1 Jan 91*

[Text] Hong Kong, Jan 1 (AFP)—An estimated 1,000 people, including six elected politicians and newly released dissident Lau Shan-ching, staged a rally here Wednesday [1 Jan] calling for the release of political prisoners in China.

In addition to Lau, who returned to the territory one week ago after serving 10 years in a Chinese jail for "political crimes," the marchers included six members of Hong Kong's Legislative Council.

The rally, organised by the Hong Kong Alliance in Support of Democratic Patriotic Movement in China—branded a subversive group by Beijing—was held "to arouse the concern of Hong Kong people and international organisations on human right conditions in China," one legislator said.

He told reporters the demonstration was held as a show of welcome for Lau and to pressure China to set free all dissidents in jail.

Some of the marchers held up portraits of Chinese dissident journalists Wang Juntao and Chen Ziming and student leader Wang Dan, and demanded their freedom.

Wang and Chen are both serving 13-year jail sentences on charges of instigating "counter-revolutionary riots" during pro-democracy protests in Beijing in 1989, while Wang is serving a four-year sentence.

The march started from the territory's Central banking and business district and ended in front of the local branch of the XINHUA NEWS AGENCY, China's de facto embassy here.

China's leaders have repeatedly warned Hong Kong citizens not to engage in activities that will undermine the socialist system and communist rule in the mainland.

Under an agreement between Beijing and London, the British colony is to revert to Chinese rule in 1997.

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